

Oregon Public Employees Retirement System 2019-2021 Legislatively Adopted Budget



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



BUDGET NARRATIVE

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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

80th Oregon Legislative Assembly – 2019 Regular Session

HB 5032 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Roblan

Joint Committee On Ways and Means

Action Date: 06/14/19
Action: Do pass the A-Eng bill.
Senate Vote
Yeas: 10 - Beyer, Frederick, Girod, Hansell, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner
Nays: 1 - Thomsen
Exc: 1 - Baertschiger Jr
House Vote
Yeas: 9 - Gomberg, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Smith G, Stark
Prepared By: Patrick Heath, Department of Administrative Services
Reviewed By: John Borden, Legislative Fiscal Office

Public Employees Retirement System
2019-21

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

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____ Agency Request ____ Governor's X Legislatively Adopted
2019-21

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Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 101,657,012	\$ 105,912,270	\$ 163,356,188	\$ 61,699,176	60.7%
Other Funds Nonlimited	\$ 10,994,171,000	\$ 12,493,087,721	\$ 12,504,627,192	\$ 1,510,456,192	13.7%
Total	\$ 11,095,828,012	\$ 12,598,999,991	\$ 12,667,983,380	\$ 1,572,155,368	14.2%

Position Summary

Authorized Positions	379	369	419	40
Full-time Equivalent (FTE) positions	375.18	369.00	414.32	39.14

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The benefit trusts that the Public Employees Retirement System (PERS) administers are funded primarily through a combination of earnings generated on the investment of trust assets by the Oregon Investment Council and from employer or employee contributions. PERS projects \$10.2 billion in investment earnings and \$4.6 billion in retirement system contributions for all benefit programs in the 2019-21 biennium. For purposes of assessing system funded status, the PERS Board currently assumes the Oregon Investment Council (OIC) will earn net returns of 7.2 percent per year. The 10-year average return totals 9.46 percent as of December 31, 2018, however, more recent returns have missed the assumed rate. In 2018 the Oregon Public Employees Retirement Fund earned 0.48 percent for the year. When earnings on the fund are projected to 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. For the last several biennia, the PERS Board has reduced the assumed earnings rate of the PERS Fund to better reflect historical performance and predicted investment returns of the PERS Fund.

The employer or employee contributions budgeted for the PERS trusts come in the form of employer rates 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 2018. System wide, the rates the Board adopted increased collared net pension rates from 17.51 percent of payroll for Tier 1 / Tier 2 in 2017-19 to 22.00 percent of payroll in 2019-21; and increased from 11.00 percent of payroll for OPSRP General Service in 2017-19 to 15.65 percent of payroll in 2019-21. Employer rates do not include costs for the Individual Account Program or debt service costs for pension obligation bonds. Although the 2019 Legislature passed Senate Bill 1049, which is expected to reduce employer rates by an average of 5.43 percent below where they would otherwise be, these changes are not anticipated to be reflected in employer rates until

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the 2021-23 biennium. 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.

The PERS Health Insurance Program (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.

Recent legislative efforts have focused on using one-time and new revenues to fund the PERS liability and incentivize employers to pre-fund their liabilities by establishing side accounts. Senate Bill 1566 (2018) created the School District Unfunded Liability Fund (SDULF) and the Employer Incentive Fund (EIF) for these purposes. In 2019-21, PERS will begin to receive revenue from decoupling from a federal tax deduction for small business and interest on unclaimed property to fund the SDULF and the EIF. The Legislature also approved a \$100 million General Fund appropriation to the Employer Incentive Fund in Senate Bill 1049 (2019) along with an unknown revenue stream from sports betting. Below is a table showing the programs, the funding streams supporting each program, the estimated revenue associated with each program, and associated legislation:

Program	Funding	Estimated 2019-21 Revenue	Bill
School District Unfunded Liability Fund	82.0 percent of federal decoupling revenue	\$129.8 million	SB 1529 (2018)
	Excess capital gains	Unknown	SB 1566 (2018)
	Excess Estate Taxes	Unknown	SB 1566 (2018)
	Excess debt collections	Unknown	SB 1566 (2018)
	Excess interest on unclaimed property	\$11.5 million	SB 1566 (2018)
Employer Incentive Fund	18.0 percent of federal decoupling revenue	\$28.4 million	SB 1529 (2018)
	Employer Contributions	Unknown	SB 1566 (2018)
	Sports Gambling revenues (Lottery)	Unknown	SB 1049 (2019)
	General Fund Appropriation	\$100 million	SB 1049 (2019)

PERS' operating budget is funded primarily, or 96.6 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.

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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 2017, PERS paid approximately \$3.9 billion in benefits to Oregonians. In support of its mission, PERS manages the Tier 1 and Tier 2 Retirement programs, the Oregon Public Service Retirement Program (OPSRP), the Individual Account Program (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 \$12,667,983,380 and 419 positions (414.32 FTE) for the 2019-21 biennium. The budget consists of Other Funds expenditure limitation of \$163,356,188 for agency operations and \$12,504,627,192 in Nonlimited Other Funds expenditure authority for benefit payments. This represents a 60.7 percent increase in the agency's operating budget, due primarily to the implementation of Senate Bill 1049 (2019) and a 13.7 percent increase in the agency's expenditures for statutorily mandated benefits over the 2017-19 Legislatively Approved Budget.

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, 2018, there were approximately 84,000 non-retired Tier 1 and Tier 2 members and approximately 141,000 retirees and beneficiaries receiving monthly retirement benefits as of June 30, 2018. 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 slightly less generous benefits. Public employees hired after August 28, 2003 are members of the Oregon Public Service Retirement Pension Program (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 \$10,272,591,713 in Nonlimited Other Funds expenditures for the 2019-21 biennium for payments to beneficiaries, an increase of 13.1 percent from the 2017-19 Legislatively Approved Budget, which includes the following package:

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Package 801, LFO Analyst Adjustment. This package increase Other Funds Nonlimited expenditure authority by \$11,539,471 to account for payments from the School District Unfunded Liability Fund established by Senate Bill 1566 (2018) into the pooled side account by that bill.

Retirement Health Insurance Programs

PERS serves as a group sponsor providing health insurance services to approximately 60,000 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 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 45,000 retirees receive this subsidy, which totals approximately \$32.4 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 more than \$4.6 million in premium subsidies annually, to almost 1,300 retirees, which is an average \$298 per member per month. This subsidy is limited to Tier 1 and Tier 2 PERS retirees with eight or more years of state service and also 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, over \$260 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.

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 \$733,481,352 in Nonlimited Other Funds expenditures for the 2019-21 biennium for payments to a third-party administrator and for payments to 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 146,000 non-retired members, more than the Tier 1 or Tier 2 plans combined, as well as 4,450 retirees and beneficiaries. This program accounts for employer contributions and retirement payments for the

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OPSRP plan. The Subcommittee recommended a budget of \$75,188,960 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). Beginning July 1, 2020, Tier 1 and Tier 2 members will 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. Starting January 1, 2018, the Oregon Investment Council shifted the investment portion of IAP assets to a series of Target Date Fund vintages that would adjust the assets and riskiness of each member's IAP based on their personal characteristics. Prior to January 1, 2018, these funds were invested exclusively the Public Employee Retirement Fund. Senate Bill 1049 (2019) will allow members to elect which Target Date Fund their IAP is invested in beginning January 1, 2021. As of December 31, 2017 there were 269,812 active IAP accounts with an average balance of \$33,210 each. The Subcommittee recommended a budget of \$1,423,365,167 in Nonlimited expenditure authority for payments to IAP beneficiaries.

Central Administration

Central Administration, in conjunction with the PERS Board, provides the central direction, planning, and leadership for PERS. The Division consists of the executive director, deputy director, senior policy director, and the Strategic and Operational Planning section. The Subcommittee recommended a budget of \$5,549,108 in Other Funds expenditure limitation and 21 positions (20.92 FTE), which includes the following packages:

Package 081, September 2018 Emergency Board. This package increases Other Funds expenditure limitation by \$704,393 and authorizes the transfer of four positions (4.00 FTE) from the Operations Division to Central Administration to re-establish a Communications Section.

Package 805, Operational Implementation. This package increases Other Funds expenditure limitation by \$388,736 and authorizes the establishment of two permanent full-time Public Affairs Specialist 2 positions (1.92 FTE) to address the anticipated communications workload associated with the passage of Senate Bill 1049 (2019).

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.

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FASD is responsible for the receipt, posting, and deposit of over \$1.7 billion annually in contributions and the disbursement of approximately \$4.5 billion annually 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.

FASD also contains the Facilities Services Section, which manages general building maintenance, office supplies, shipping and receiving, and other various ancillary tasks. Human Resources, Retiree Health Insurance and Deferred Compensation (OSGP) programs and are also located within FASD. The Subcommittee recommended a budget for the Financial and Administrative Services Division of \$44,640,486 in Other Funds expenditure limitation and 64 positions (63.52 FTE), which includes the following packages:

Package 081, September 2018 Emergency Board. This package increases Other Funds expenditure limitation by \$198,066 and authorizes the establishment of one permanent, full-time Accountant 4 position (1.00 FTE) to perform investment accounting for the Individual Account Program and specifically the crediting of Target Date Fund earnings to members accounts.

Package 082, December 2018 Emergency Board. This package increases Other Funds expenditure limitation of \$1,698,000 to pay for contracted services with a third-party administrator for the Oregon Savings Growth Plan. The package creates expenditure limitation for Oregon Growth Savings Plan expenditures for services including an account manager, communications consultants, and field representatives for OSGP in order to increase transparency and accountability for these expenses. Expenses related to investment management and payments to beneficiaries will remain non-budgeted, as authorized by statute.

Package 090, Analyst Adjustments. This package reduces Other Funds expenditure limitation by \$183,430 by reducing excess limitation for rent.

Package 103, FASD Strategic Fulfillment. This package increases Other Funds expenditure limitation by \$357,679 and authorizes the establishment of one limited duration position (1.00 FTE). This limited duration Accounting Tech 3 will perform collections based on a 2012 Oregon Supreme Court decision to retroactively reduce the earnings credited to members. Approximately 92.2 percent of PERS members subject to collections now have collections automatically deducted from benefits and automatically applied to benefits and the work to recalculate benefits is substantially complete.

Package 107, Deferred Maintenance. This package increases Other Funds expenditure limitation by \$1,161,555 for the following projects, each of which includes a 15 percent contingency amount: \$456,918 for replacement of the building's heating, air conditioning and ventilation system, \$438,379 for replacing the building's roof, \$199,857 for exterior repairs, and \$66,401 for replacing variable air volume boxes. This package is approved on a one-time basis.

Package 801, LFO Analyst Adjustments. This package increases Other Funds expenditure limitation by \$11,539,472 for the department to make payments from the School District Unfunded Liability Fund (\$11,539,471) and Employer Incentive Fund (\$1) established by Senate Bill 1566 (2018) to the employer side accounts envisioned by that bill.

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Package 805, Operational Implementation. This package increases Other Funds expenditure limitation by \$595,862 and authorizes the establishment of four permanent, full-time positions (3.52 FTE) for anticipated workload increases associated with Senate Bill 1049 (2019). This includes two Accountant 3 positions (1.76 FTE) who will provide fund accounting and earnings crediting for the Employer Pension Stability Accounts and two Accounting Technician 3 positions (1.76 FTE) to provide accounts receivable and cashing support.

Package 812, Vacant Position Elimination. This package reduces Other Funds expenditure limitation by \$250,886 and one permanent full-time Principal Executive Manager F (1.00) that has been vacant for 11 months. This position, formerly the agency's Chief Administration Officer, is no longer needed by the agency based on the establishment of a permanent full-time Principal Executive Manager G position to serve as the agency's Chief Financial Officer and to administer the Financial and Administrative Services Division.

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 has 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 \$26,144,003 in Other Funds expenditure limitation and 70 positions (69.76 FTE), which includes the following packages:

Package 102, Data Center Migration. This package increases Other Funds expenditure limitation by \$1,715,318 to fund the agency's transition to the State Data Center using a new colocation model of service. The agency will need to purchase new servers and software and associated services to complete the move, which is anticipated to be completed in June 2020. The Department of Administrative Services has received funding in its Legislatively Adopted Budget to provide the new colocation service that PERS will use at the State Data Center. This package is recommended on a one-time basis.

Package 104, Maintaining Current Services. This package increases Other Funds expenditure limitation by \$356,295 and establishes two permanent full-time positions (1.76 FTE) for an Information Systems Specialist 6 Quality Assurance Engineer and an Information Systems Specialist 6 Electronic Content Management analyst.

Package 812, Vacant Position Elimination. This package reduces Other Funds expenditure limitation by \$129,751 and abolishes one permanent full-time position (1.00 FTE). This package eliminates a vacant Office Specialist 1 position and associated Services and Supplies in the Electronic Content Management section. The position has been vacant for 20 months.

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

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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 Subcommittee recommended a budget of \$39,438,343 in Other Funds expenditure limitation for the Operations Division and 207 positions (206.52 FTE), which includes the following packages:

Package 081, September 2018 Emergency Board. This package reduces Other Funds expenditure limitation by \$704,393 to recognize the transfer of four positions (4.00 FTE) from the Operations Division to the Central Administration to re-establish a Communications Section in that division.

Package 090, Analyst Adjustments. This package reduces Other Funds expenditure limitation by \$461,098, including \$211,098 to account for unneeded limitation and \$250,000 in expenses for temporary staff due to increased permanent full-time staff that are recommended to be authorized in Package 104, Maintaining Current Services.

Package 104, Maintaining Current Services. This package increases Other Funds expenditure limitation by \$568,790 and authorizes the establishment of four permanent, full-time positions (3.52 FTE). These positions include a Principal Executive Manager B position to serve as the Calculations Supervisor and allow the section manager to assume higher level responsibilities; an Operations and Policy Analyst 2 position to assist the Operations division in reconciling data coming from the Oregon State Treasury related to the implementation of the Target Date Funds investing approach to the Individual Account Program; and two positions, a Retirement Counselor 2 and an Office Specialist 2, to work in the Intake and Review section.

Package 812, Vacant Position Elimination. This package reduces Other Funds expenditure limitation by \$250,886 and abolishes one permanent full-time position. This action eliminates a vacant Principal Executive Manager F position that has been vacant for 16 months. This position is no longer needed due to the agency's consolidation of two divisions into a single division in 2015, eliminating the need for one division administrator.

Compliance, Audit and Risk Division

The Compliance, Audit and Risk Division provides risk management and compliance services for all agency programs. 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 are in compliance with state and federal statutes and the PERS plans maintain their tax qualified status.

The Subcommittee recommended a budget of \$8,524,534 in Other Funds expenditure limitation and 20 positions (20.00 FTE) for the Compliance, Audit and Risk Division, which includes the following packages:

Package 082, December 2018 Emergency Board. This package increases Other Funds expenditure limitation by \$442,191 and two positions (2.00 FTE), including one permanent full-time Information Systems Specialist 8 position to implement cybersecurity controls and a permanent full-

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time Operations and Policy Analyst 3 to serve as the agency's Continuity and Disaster Recovery Specialist and manage the agency's continuity management program. These positions assist in maintaining the security and reliability of the agency's core pension systems and ensuring that there is no interruption in member benefit payments.

Package 106, Risk and Security Management. This package increases Other Funds expenditure limitation by \$638,291 for contracted services needed to support the agency's information security, business continuity and disaster recovery programs. PERS worked on this program during the 2015-17 biennium after information security audits revealed numerous flaws in the agency's security architecture. The agency received direction in 2016 from the Legislature, the Governor and the Department of Administrative Services – Chief Information Office to correct serious operational security deficiencies, develop and implement an industry standard Cyber Security Program, an industry standard Disaster Recovery Program, and an industry standard Business Continuity Program, and to establish a disaster recovery warm site.

PERS requested security resources in their 2017-19 Agency Request Budget, but those three positions along with two others were moved to the Enterprise Security Office within the Department of Administrative Services after the centralization of information security occurred under Senate Bill 90 (2017). During the 2017 Legislative Session PERS received \$750,000 to plan for a business continuity and disaster recovery program as well as \$1.6 million in contract dollars for IT security remediation. The December Emergency Board approved funding for two positions to staff the program (see Package 082, December 2018 Emergency Board).

The agency has assured the Legislature these programs will be complete in June of 2019. The Department of Administrative Services is requested to unschedule the \$638,291 in expenditure limitation until the Public Employees Retirement System submits a third-party assessment evaluating whether the agency has established an industry standard cybersecurity program, industry standard disaster recovery program, and industry standard business continuity program. This package is approved on a one-time basis.

Core Retirement Systems Applications Division

The Core Retirement Systems Applications Division was established to budget for the project-related positions and contracts related to PERS' implementation of Senate Bill 1049, an omnibus PERS reform bill. The projects that will need to be undertaken to implement this bill include establishing a system to manage the new Employee Pension Stability Accounts that will hold contributions diverted from member's Individual Account Program contributions, establishing a system that allows members to choose which Target Date Fund their Individual Account Program will be invested in, creating a database to track the new work after retirement provisions, implementing a new information tool and staff for the Employer Incentive Fund, School District Unfunded Liability Fund, and Unfunded Actuarial Liability Resolution Program established by Senate Bill 1566 (2018), and creating a database to manage the new cap on final average salaries at \$195,000. The first of these projects, the establishment of the Employee Pension Stability Accounts, is set to take effect on July 1, 2020. The Subcommittee recommended a budget of \$39,059,714 in Other Funds expenditure limitation and 37 positions (33.60 FTE). The Subcommittee recommended the following packages:

Package 802, Project Management and Administration. This package establishes Other Funds expenditure limitation of \$2.5 million for a project management vendor contract for the overall project management of the Senate Bill 1049 implementation effort. This amount is recommended on a one-time basis.

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Package 803, Quality Assurance and Testing. This package establishes Other Funds expenditure limitation of \$2.5 million for an independent quality assurance contractor to oversee the implementation of Senate Bill 1049. This amount is recommended on a one-time basis.

Package 804, Information Technology Applications. This package establishes Other Funds expenditure limitation of \$25,992,000 to fund the information technology solutions needed to implement Senate Bill 1049. Given the timelines for implementation, the project will need to implement a series of temporary solutions before final versions can be implemented.

Specifically, PERS anticipates spending \$4,675,000 on temporary solutions as follows:

- \$1,750,000 in contracted services for a database to temporarily manage Employee Pension Stability Accounts;
- \$770,000 in contracted services for a database to temporarily manage the new Final Average Salary limit;
- \$770,000 in contracted services for a database to temporarily manage the new work after retirement provisions of the bill;
- \$180,000 in contracted services for SQL Server database integration services; and
- \$1,205,000 in contracted services for a third-party administrator to manage the Employee Pension Stability Accounts and voluntary employee contributions to their Individual Account Program accounts.

To implement a series of permanent solutions that will address the programs created by Senate Bill 1049, PERS anticipates spending \$21,317,000 on the following:

- \$20.0 million in contracted services to implement the employee redirect portions of the bill;
- \$1.275 million in contracted services for an actuarial rate projection tool in order to implement the Unfunded Actuarial Liability Resolution Program; and
- \$42,000 in contracted services to modify the Employer Data Exchange database to validate employee's dates of birth.

These amounts are recommended on a one-time basis. Needs for these expenditures after the 2019-21 biennium will be addressed after the department is better able to articulate the expected future costs of operating and maintaining these new programs and systems. The Subcommittee approved the following Budget Note:

Budget Note

The Public Employees Retirement System (PERS) is directed to report to the Joint Committee on Information Management and Technology and the Joint Committee on Ways and Means during the Legislative session in 2020 on the implementation of SB 1049 (2019). The Department of Administrative Services and the Office of the State Chief Information Officer are to provide oversight of the PERS SB 1049 (2019) implementation project. The project shall

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adhere to the Stage Gate process. The Department of Administrative Services - Office of the State Chief Information Officer and the Department of Administrative Services - Chief Financial Officer, in their oversight roles, are to report separately to the Joint Committee on Information Management and Technology and the Joint Committee on Ways and Means during the Legislative session in 2020 on the implementation of Senate Bill 1049 (2019).

The agencies' reports to the Legislature shall include:

- Update on project scope, schedule, and budget, and total cost of ownership
- Identification of costs associated with one-time solutions versus permanent solutions
- Independent quality assurance reporting on the project
- Impact of Senate Bill 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
- Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project.

Package 805, Operational Implementation. This package establishes Other Funds expenditure limitation of \$7,567,714 and 37 limited duration positions (33.60 FTE) for staff needed to address additional operational workload created by Senate Bill 1049 implementation. These positions are budgeted in the Core Retirement Systems Application Division but will report to the divisions outlined.

- Central Administration Division: \$1,039,142 in Other Funds expenditure limitation and four limited duration positions (3.84 FTE), including three Operations and Policy Analyst 3 positions and one Electronic Publications and Design Specialist 3.
- Financial and Administrative Services Division: \$1,727,591 in Other Funds expenditure limitation and four limited duration positions (3.64 FTE), including one Operations and Policy Analyst 3, one Procurement and Contract Specialist 3, one Human Resource Analyst 3, and one Office Specialist 2.
- Information Services Division: \$588,506 in Other Funds expenditure limitation and three limited duration positions, including two Information Systems Specialist 7 positions and one Information Systems Specialist 4.
- Operations Division: \$3,314,898 in Other Funds expenditure limitation and 22 positions (19.68 FTE), including nine Retirement Counselor 1 positions, two Retirement Counselor 2 positions, one Program Analyst 1 position, one Office Specialist 2 position, four Operations and Policy Analyst 1 positions, three Operations and Policy Analyst 2 positions, and two Information System Specialist 4 positions.

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- Compliance Audit and Risk Division: \$897,577 in Other Funds expenditure limitation and four limited duration positions (3.68 FTE), including one Operations and Policy Analyst 3, one Compliance Specialist 2, and two Operations and Policy Analyst 1s.

These positions are recommended as limited duration until the agency can assess its operational needs for these new programs and make a request of the Legislature for permanent positions.

Package 806, Contingency Reserve. This package establishes Other Funds expenditure limitation of \$500,000 to serve as a contingency reserve for the implementation of the Senate Bill 1049 given the uncertainty about the final costs of this project and the fact that it is still in an early planning phase.

Summary of Maximum Supervisory Ratio

The Subcommittee reviewed the agency's proposed Maximum Supervisory Ratio of 1:10.

Summary of Performance Measure Action

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

BUDGET NARRATIVE

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Public Employees Retirement System
Patrick Heath - 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE		
			LIMITED	NONLIMITED	LIMITED	NONLIMITED					
2017-19 Legislatively Approved Budget at Dec 2018 *	\$	- \$	- \$	101,657,012	\$ 10,994,171,000	\$	- \$	- \$	11,095,828,012	379	375.18
2019-21 Current Service Level (CSL)*	\$	- \$	- \$	105,912,270	\$ 12,493,087,721	\$	- \$	- \$	12,598,999,991	369	369.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)											
SCR 010-01 - Tier One and Tier Two Pension Programs											
Package 801: LFO Analyst Adjustments											
Special Payments	\$	- \$	- \$	- \$	11,539,471	\$	- \$	- \$	11,539,471		
SCR 500-01 - Central Administration											
Package 081: September 2018 Emergency Board											
Personal Services	\$	- \$	- \$	704,393	\$	- \$	- \$	\$	704,393	4	4.00
Package 805: Operational Implementation											
Personal Services	\$	- \$	- \$	366,558	\$	- \$	- \$	- \$	366,558	2	1.92
Services and Supplies	\$	- \$	- \$	22,178	\$	- \$	- \$	- \$	22,178		
SCR 500-03 - Financial & Admin Services Division (FASD)											
Package 081: September 2018 Emergency Board											
Personal Services	\$	- \$	- \$	198,066	\$	- \$	- \$	- \$	198,066	1	1.00
Package 082: December 2018 Emergency Board											
Services and Supplies	\$	- \$	- \$	1,698,000	\$	- \$	- \$	\$	1,698,000		
Package 090: Analyst Adjustments											
Services and Supplies	\$	- \$	- \$	(183,430)	\$	- \$	- \$	- \$	(183,430)		
Package 103: FASD Strategic Fulfillment											
Personal Services	\$	- \$	- \$	170,962	\$	- \$	- \$	- \$	170,962	1	1.00
Services and Supplies	\$	- \$	- \$	186,717	\$	- \$	- \$	- \$	186,717		
Package 107: Deferred Maintenance											
Services and Supplies	\$	- \$	- \$	1,161,555	\$	- \$	- \$	\$	1,161,555		
Package 801: LFO Analyst Adjustments											
Special Payments	\$	- \$	- \$	11,539,472	\$	- \$	- \$	- \$	11,539,472		
Package 805: Operational Implementation											
Personal Services	\$	- \$	- \$	551,506	\$	- \$	- \$	- \$	551,506	4	3.52
Services and Supplies	\$	- \$	- \$	44,356	\$	- \$	- \$	\$	44,356		
Package 812: Vacant Position Elimination											
Personal Services	\$	- \$	- \$	(250,886)	\$	- \$	- \$	- \$	(250,886)	(1)	(1.00)
SCR 500-04 - Information Services Division											
Package 102: Data Center Migration											
Services and Supplies	\$	- \$	- \$	183,318	\$	- \$	- \$	\$	183,318		
Capital Outlay	\$	- \$	- \$	1,532,000	\$	- \$	- \$	\$	1,532,000		

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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Package 104: Maintaining Current Services										
Personal Services	\$	- \$	- \$	345,198	\$	- \$	- \$	345,198	2	1.76
Services and Supplies	\$	- \$	- \$	11,097	\$	- \$	- \$	11,097		
Package 812: Vacant Position Elimination										
Personal Services	\$	- \$	- \$	(118,654)	\$	- \$	- \$	(118,654)	(1)	(1.00)
Services and Supplies	\$	- \$	- \$	(11,097)	\$	- \$	- \$	(11,097)		
SCR 500-08 - Operations Division										
Package 081: September 2018 Emergency Board										
Personal Services	\$	- \$	- \$	(704,393)	\$	- \$	- \$	(704,393)	(4)	(4.00)
Package 090: Analyst Adjustments										
Personal Services	\$	- \$	- \$	(250,000)	\$	- \$	- \$	(250,000)	0	0.00
Services and Supplies	\$	- \$	- \$	(211,098)	\$	- \$	- \$	(211,098)		
Package 104: Maintaining Current Services										
Personal Services	\$	- \$	- \$	535,539	\$	- \$	- \$	535,539	4	3.52
Services and Supplies	\$	- \$	- \$	33,251	\$	- \$	- \$	33,251		
Package 812: Vacant Position Elimination										
Personal Services	\$	- \$	- \$	(250,886)	\$	- \$	- \$	(250,886)	(1)	(1.00)
SCR 500-09 - Compliance, Audit, and Risk Division										
Package 082: December 2018 Emergency Board										
Personal Services	\$	- \$	- \$	442,191	\$	- \$	- \$	442,191	2	2.00
Package 106: Risk and Security Management										
Services and Supplies	\$	- \$	- \$	638,291	\$	- \$	- \$	638,291		
SCR 900-00 - Core Retirement System Applications										
Package 802: Project Management and Administration										
Services and Supplies	\$	- \$	- \$	2,500,000	\$	- \$	- \$	2,500,000		
Package 803: Quality Assurance and Testing										
Services and Supplies	\$	- \$	- \$	2,500,000	\$	- \$	- \$	2,500,000		
Package 804: Information Technology Applications										
Services and Supplies	\$	- \$	- \$	25,992,000	\$	- \$	- \$	25,992,000		
Package 805: Operational Implementation										
Personal Services	\$	- \$	- \$	5,646,497	\$	- \$	- \$	5,646,497	37	33.60
Services and Supplies	\$	- \$	- \$	1,921,217	\$	- \$	- \$	1,921,217		
Package 806: Contingency Reserve										
Services and Supplies	\$	- \$	- \$	500,000	\$	- \$	- \$	500,000		
TOTAL ADJUSTMENTS	\$	- \$	- \$	57,443,918	\$	11,539,471	\$	68,983,389	50	45.32
SUBCOMMITTEE RECOMMENDATION *	\$	- \$	- \$	163,356,188	\$	12,504,627,192	\$	12,667,983,380	419	414.32
% Change from 2017-19 Leg Approved Budget	0.0%	0.0%	60.7%	13.7%	0.0%	0.0%	14.2%	10.6%	10.4%	
% Change from 2019-21 Current Service Level	0.0%	0.0%	54.2%	0.1%	0.0%	0.0%	0.6%	13.6%	12.3%	

*Excludes Capital Construction Expenditures

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Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 6/13/2019 5:41:58 PM

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 2020	Target 2021
1. TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.		Approved	65%	80%	80%
2. TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.		Approved	\$145.00	\$165.00	\$165.00
3. MEMBER TO STAFF RATIO - Ratio of members to FTE staff.		Approved	1,048	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	42%	45%	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	91%	95%	95%
	Overall		91%	95%	95%
	Availability of Information		88%	95%	95%
	Timeliness		90%	95%	95%
	Accuracy		91%	95%	95%
	Expertise		92%	95%	95%
7. TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.		Approved	34%	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 adopted the recommendations.

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80th Oregon Legislative Assembly – 2019 Regular Session

SB 1049 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Holvey

Joint Committee On Ways and Means

Action Date: 05/21/19

Action: Do Pass the A-Eng bill.

House Vote

Yeas: 6 - Gomberg, Holvey, McLain, Nosse, Piluso, Rayfield

Nays: 3 - McLane, Smith G, Stark

Senate Vote

Yeas: 9 - Beyer, Frederick, Girod, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner

Nays: 2 - Hansell, Thomsen

Exc: 1 - Winters

Prepared By: John Borden, Legislative Fiscal Office

Reviewed By: Ken Rocco, Legislative Fiscal Office

Public Employees Retirement System 2019-21

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

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____ Agency Request ____ Governor's X Legislatively Adopted

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Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ -	\$ -	\$ 100,000,000	\$ 100,000,000	100.0%
Other Funds Limited	\$ -	\$ -	\$ 100,000,000	\$ 100,000,000	100.0%
Other Funds Nonlimited	\$ -	\$ -		\$ -	0.0%
Total	\$ -	\$ -	\$ 200,000,000	\$ 200,000,000	100.0%

Position Summary

Authorized Positions	0	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00	0.00

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon State Lottery Commission collects revenues from lottery gaming and transfers net revenues, after payment of prizes and operating expenses, to the Administrative Services Economic Development Fund. The measure directs the Department of Administrative Services (DAS) to transfer the net proceeds of sports betting games to the Public Employees Retirement System's (PERS) Employer Incentive Fund established by section 1, chapter 105, Oregon Laws 2018 [SB 1566 (2018)]. Currently, DAS distributes funds from the Administrative Services Economic Development Fund in accordance with constitutional and statutory allocations on a quarterly basis. The revenue impact from this transfer is indeterminate at this time, as sports betting games have yet-to-be formally approved or implemented by the Lottery Commission (see Revenue Impact Statement). Once implemented, 100% of net sports betting proceeds, after winnings and administrative expenditures, will be transferred to the Administrative Services Economic Development Fund. The transfer of sports betting proceeds will sunset on December 31, 2041 due to the sunset of the Employer Incentive Fund on July 1, 2042, at which point any unexpended sports betting proceeds in the Employer Incentive Fund will be returned to the Administrative Services Economic Development Fund.

Sports betting revenue in the Employer Incentive Fund will be used to fund the state's 25% match to a participating employer contribution. Once matched, state funds would be transferred into a new or existing employer side account at which time the state would relinquish all financial interest in the match. All PERS entities, including school districts, community colleges, and public universities, are eligible to participate

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in the matching funds program; however, to become eligible for matching funds, an employer must have an approved Unfunded Actuarial Liability Resolution plan established under chapter 105, Oregon Laws 2018.

The measure also appropriates \$100 million General Fund to the Employer Incentive Fund to also be used for state matching funds and may produce at least \$400 million in matching employer funds. The General Fund will be expended as Other Funds.

PERS administrative costs are funded primarily by revenue transfers from the retirement programs.

Summary of Capital Construction Subcommittee Action

The measure contains provisions to address funding of the Public Employees Retirement System, among other changes. The measure has an emergency clause and is effective on passage; however, the measure contains various operative and repeal dates. The measure also makes technical changes to chapter 105, Oregon Laws 2018.

System Financing

The measure modifies PERS system financing by changing the amortization period and adding assets to the system. Assets that are added to PERS will be included in actuarial valuations.

Tier 1 and Tier 2 Unfunded Accrued Liabilities are re-amortized, on a one-time basis, from 20-years to 22-years after which point the amortization schedule for these two benefit plans revert to 20-years. The PERS Board sets the amortization period administratively as long as the amortization period is below the 40-year statutory maximum. The amortization period for the Oregon Public Service Retirement Plan remains unchanged at 16-years.

The measure adds assets to the system by dedicating all net lottery revenues from sports betting games revenue to the Employer Incentive Fund. The corresponding employer match is indeterminate at this time until the amount of sports betting games net lottery revenue deposited into the fund becomes known.

The measure appropriates \$100 million of General Fund, on a time-time basis, for expenditure into the Employer Incentive Fund. The corresponding employer match up to 75% is assumed to be at least \$400 million for a total increase in assets of \$500 million. The measure provides for \$100 million of Other Funds expenditure limitation for the Fund. PERS will need to request additional Other Funds or Lottery Funds expenditure limitation depending upon the availability of sports betting revenue as well as the timing of employer matching funds in order to expend funds out of the Employer Incentive Fund. Once matched, Employer Incentive Funds will be expended to fund lumpsum employer side accounts, which are separately budgeted as Nonlimited Other Funds expenditures. The Department of Administrative Services is requested to

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unschedule \$75 million of the General Fund appropriation, which may be scheduled once employer matching funds become available and upon the approval of the Legislative Fiscal Office.

The measure directs the Public Employees Retirement Board to allow participating employers making certain lump sum payments to choose the starting date for the amortization period for use of a lump sum payment to offset contributions to the system. At least one large public entity anticipates making a \$10 million side account contribution under this authority.

Benefit Modifications

The measure includes two provisions that impact employee retirement benefits: a re-direct of a portion of an employee's defined benefit contribution and a limitation on the Final Average Salary used to calculate the Full Formula Plus Annuity and Full Formula benefits.

The measure redirects a portion of employee contributions from an employee's defined contribution plan, the Individual Account Program, to partially fund an employee's defined benefit or pension plan ("*Employee Pension Stability Account*"), if the PERS funded status is less than 90% funded and if an employee's earnings is more than \$2,500/month or approximately \$30,000 per year. Moneys in an employee's Employee Pension Stability Account are ineligible for the Money Match benefit. Redirected funds reduce the defined contribution benefit of an employee but are then used to partially fund an employee's defined pension benefit. Redirected funds lower or offset the employer contribution. Employees have the option to voluntarily contribute into their IAP account the amount of redirected funds on an after-tax basis.

The redirect for each benefit plan, which begins on July 1, 2020, are as follows:

- Tier One: 2.5% of PERS-eligible salary and wages
- Tier Two: 2.5% of PERS-eligible salary and wages
- Oregon Public Service Retirement Plan: 0.75% of PERS-eligible salary and wages

The measure places a limit on the Final Average Salary of \$195,000 for Tier 1, Tier 2, and OPSRP employees retiring under Formula Plus Annuity and Full Formula benefit plans. The \$195,000 cap is indexed to inflation on an annual basis.

Retiree Work After Retirement

The measure eliminates both annual hours of employment for retired workers and the exemption on employers paying contributions on retired member payroll. Employer's must continue to make employer contributions with regard to a retired member, but the retiree will accrue no additional PERS retirement benefit and the employer contribution will be credited to an employer account as an additional payment above normal contributions. The return-to-work provisions are effective for only the calendar years 2020, 2021, 2022, 2023, and 2024 and sunset on January 2, 2025.

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BUDGET NARRATIVE

Employer Contribution Rate Savings

On a system wide basis, 2021-23 biennium employer net rates were scheduled to increase from 18.31% to 24.07%, or an increase of 5.76% of PERS-eligible payroll. The combined savings from this measure, summarized in the below table, reduce the system-wide increase by 5.43%. The associated system-wide employer contribution dollar savings is estimated to be between \$1.2 to \$1.8 billion a biennium beginning with the 2021-23 biennium through the 2033-35 biennium for state agencies, universities, judges, school districts, and participating cities, counties, and special districts. A similar percentage of payroll is expected to be saved in future biennia. This estimate, however, will vary substantially between employers based on individual employer actuarial calculated rates and due to variances between actuarial projections and actual experience.

System-wide Average Employer Contribution Rate	Operative Date	2021-23 Biennium*
Re-amortization Tier1/Tier 2 UAL (22-years)	2019 Actuarial Valuation <i>[repeals January 1, 2020]</i>	-3.90%
Re-directed employee contributions	July 1, 2020	-1.20%
Retiree Work After Retirement	January 1, 2020 <i>[repeals January 1, 2025]</i>	-0.80%
Final Average Salary \$195,000 limitation	January 1, 2020	-0.03%
Rate collaring	2019 Actuarial Valuation	+0.50%
Total		-5.43%

*Milliman actuarial analysis dated May 9th, 2019.

The PERS Board previously adopted and published employer contribution rates for the 2019-21 biennium. This measure makes no changes to 2019-21 adopted employer contribution rates and the 2019-21 biennial budget assumes no budgetary savings from this measure. Savings generated during the 2019-21 biennium will be used to offset future employer contribution rates.

Change in Funded Status

For the most current actuarial valuation, PERS has assets of \$67.3 billion (including employer side accounts) and liabilities of \$84.1 billion for \$16.7 billion in unfunded liabilities as of December 31, 2017. The funded status of the system is 80%. Employer contribution rates will be determined based on 2018 (+0.48%) and 2019 (to-be-determined) actual market rates of returns.

The re-amortization of the Tier 1/Tier 2 Unfunded Accrued Liability from 20-years to 22-years is expected, under current actuarial assumptions, to extend the retirement of the UAL by approximately six years from 2035 to 2041. Other system financing and benefit modifications are expected to have a minimal impact (i.e., reduction) to the UAL.

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Pension Obligation Bonding

The measure requires a public body or intergovernmental entity, prior to issuing pension obligation bonds, to obtain a statistically based assessment from an independent economic or financial consulting firm. The assessment would need to determine the likelihood that investment returns on bond proceeds would exceed the interest cost of the bonds under various market conditions. Upon receipt of the assessment, the public body or intergovernmental entity would need to make the results available to the public and disclose whether it has retained the services of an independent SEC-registered advisor. The public body or intergovernmental agency would be required to submit the assessment to the State Treasurer at least 30 days before issuing the bonds. The State Treasurer would need to provide an annual report on local entities pension obligation bonds issued to the State Debt Policy Advisory Commission. The measure also limits diversion agreements to no more than 100% of an entity's State School Fund distribution.

Member Choice

The measure provides Individual Account Program members with a choice between various investment options. Currently, IAP members have no investment selection choice as their accounts are invested in age-based target-date funds.

Reporting

The measure requires the PERS Board to report to the Joint Committee on Ways and Means at least 30 days before the Board adopts changes to actuarial methods and assumptions.

Expedited Review

The measure provides for expedited legal review by the Oregon Supreme Court.

Administrative and Implementation Costs

The Public Employee Retirement System estimates the fiscal impact to implement the measure to be \$31.4 million Other Funds, \$2.5 million Other Funds Nonlimited and ten positions (9.50 FTE) for the 2019-21 biennium and \$2.1 million Other Funds, \$5.1 million Other Funds Nonlimited, and five positions (5.00 FTE) for the 2021-23 biennium. Revenue transfers from earnings on trust funds will cover PERS costs. PERS will incur approximately \$25 million in one-time information technology costs plus additional costs for project management and independent third-party oversight. Other costs include accounting staff, policy staff, and retirement counselors; third party administrative fees for the Individual Account Program; mailing and postage; actuarial analyses; and miscellaneous other services and supplies. Additional legal costs may be incurred by the agency.

Department of Administrative Services, State Treasury (Debt Management Division), Judicial Department, Department of Justice, and the Oregon State Lottery are expected to have a minimal fiscal impact.

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The measure would have an indeterminate fiscal impact on Special Districts, Counties, Cities, School Districts, Education Service Districts, Public Universities, Community Colleges, and Oregon Health and Science University depending upon whether these entities issue pension obligation bonds.

The budgetary impact, beyond what is included in the measure, may be accommodated in either an end-of-session omnibus budget measure, the Legislative in 2020, or by an Emergency Board action.

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Public Employees Retirement System

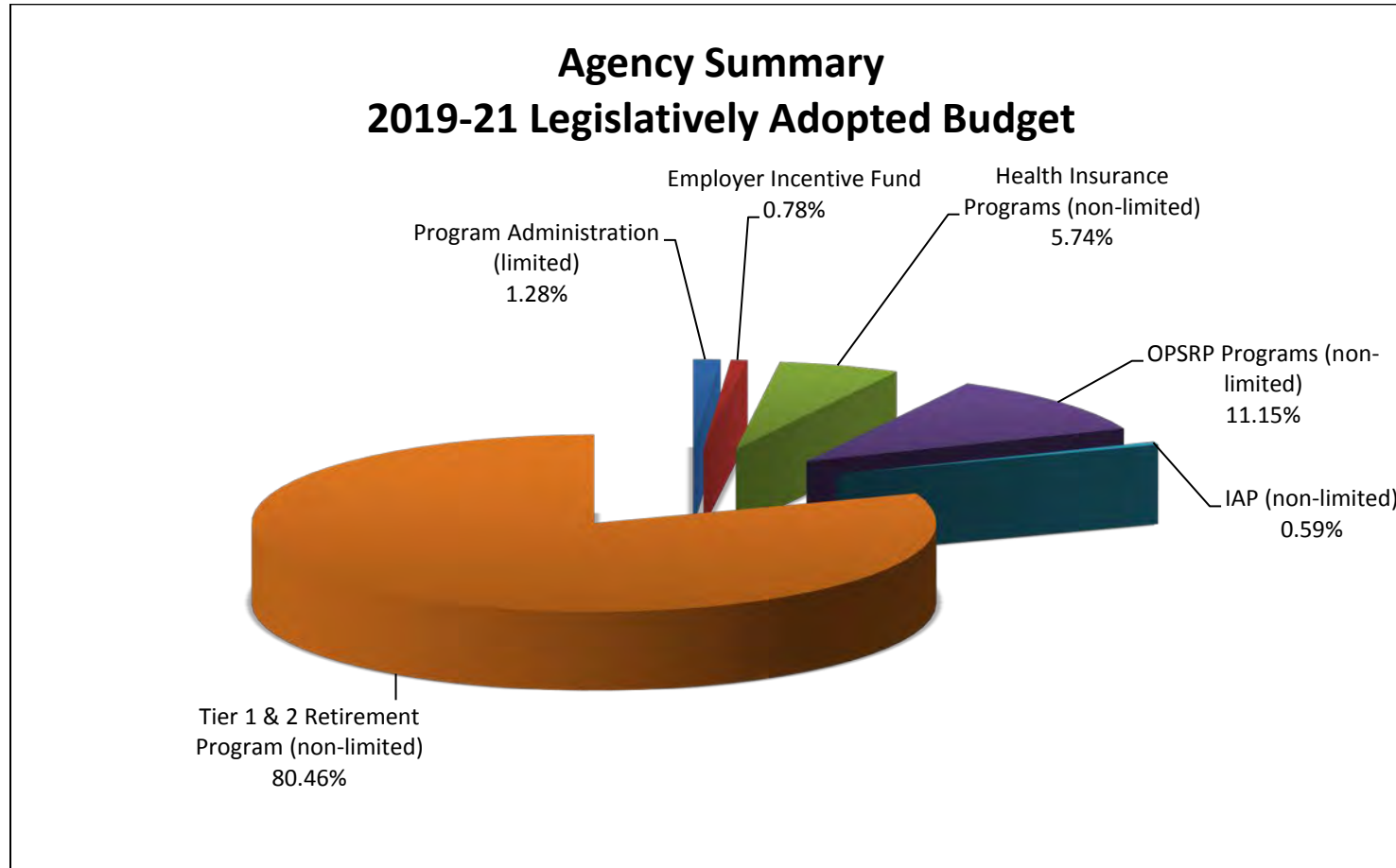
Agency Summary

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

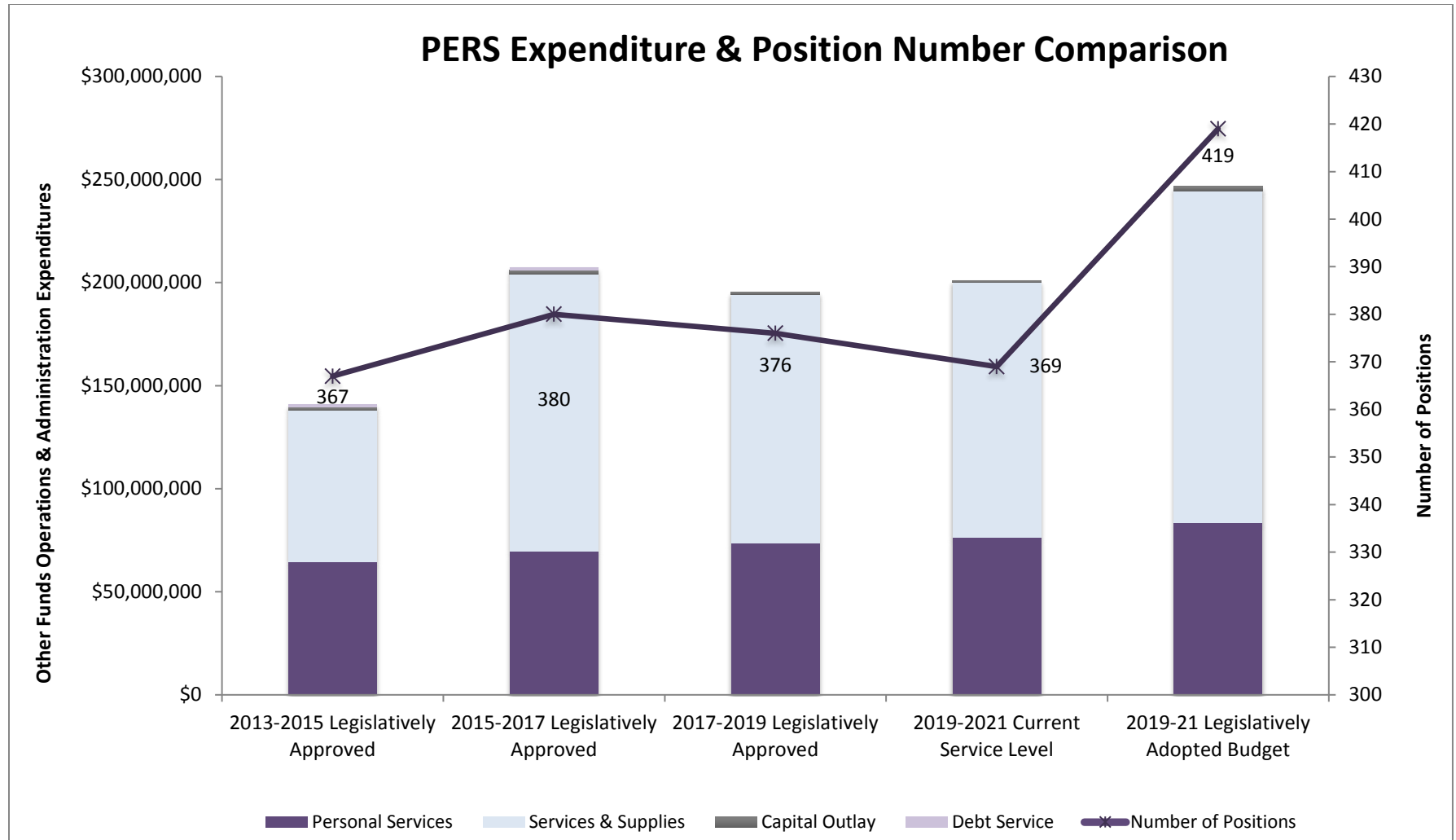
Budget Summary Graphics

PERS Expenditures by Activity



BUDGET NARRATIVE

PERS Expenditure and Position Number Comparison



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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
2011-2013	\$ 80,750,830	2012	\$ 40,375,415	\$ 59,456,250,160		0.0679%
		2013	\$ 40,375,415	\$ 65,362,545,518		0.0618%
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	E	0.0624%
	LAB					
2019-2021	\$ 163,256,648	2020	\$ 81,628,324	\$ 83,334,830,000	E	0.0979%
		2021	\$ 81,628,324	\$ 85,037,440,000	E	0.0979%

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.

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, breakthrough initiatives, 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 five 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 strategy 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

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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 check-point 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 related 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 supports 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 system 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.

BUDGET NARRATIVE

Agency Programs

PERS and its associated programs have a significant impact on Oregon's economy. In 2018, Oregon PERS paid approximately \$5.3 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 84,000 non-retired members and more than 141,000 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, 2018 more than 42,000 (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 \$4.7 billion in benefit payments in fiscal 2018 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, 2018, the OPSRP Pension Program had more than 137,000 active and inactive members, which is more than 60% of the current total active and inactive PERS member population. PERS made approximately \$28 million in benefit payments during fiscal 2018.

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, 2018, there were 269,812 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).

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 \$547 million in IAP benefit payments were issued during FY 2018.

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 more than 59,000 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 45,000 retirees receive this subsidy, which totals approximately \$32.4 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 based on the number of years the retired member was employed in state service. PERS issues more than \$4.6 million in premium subsidies annually to almost 1,300 retirees (average \$298 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 \$150 million per year, third-party administration agreements, and consultant services. Member fees and earnings on dollars held by SRHIA fund this activity.

BUDGET NARRATIVE

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 34,000 current and former state agency, school district, and local government employees. Plan assets were valued at approximately \$1.96 billion as of June 2018.

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. PERS has been funded at the Current Service Level (CSL) to process a baseline of 6,000 retirements per year. The number of retirements is increasing each year and may plateau at approximately 9,000 annually. 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, 2018, almost 70,000 members (more than 30% of all active and inactive members) were currently eligible to retire based on age or years of service.

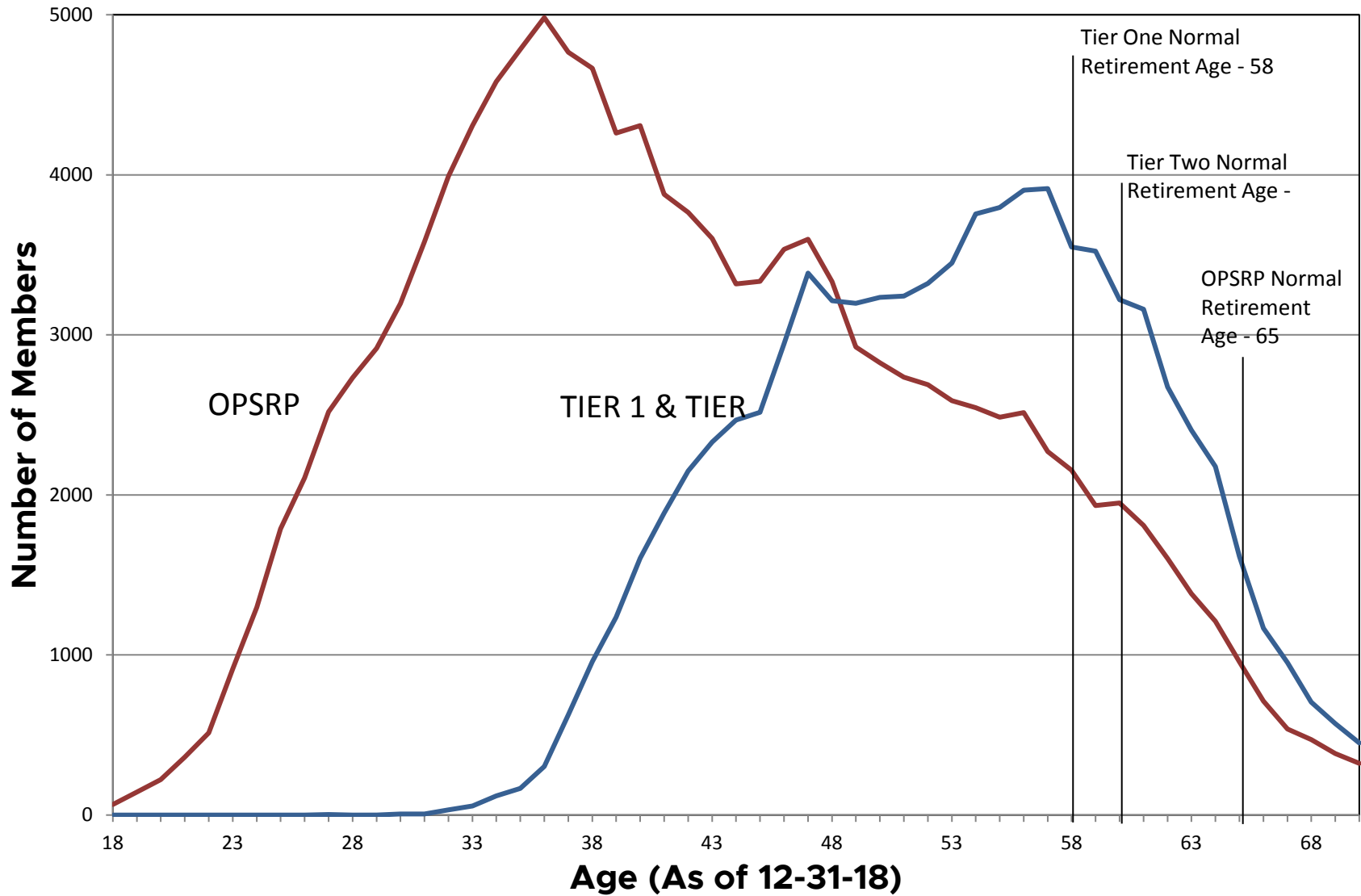
Member retirements impact all agency activities and services. As more members approach retirement, requests for benefit estimates and retirement information increase. When a member chooses to retire, that triggers a process of data compilation and verification, in partnership with employers, to support 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 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 five 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.

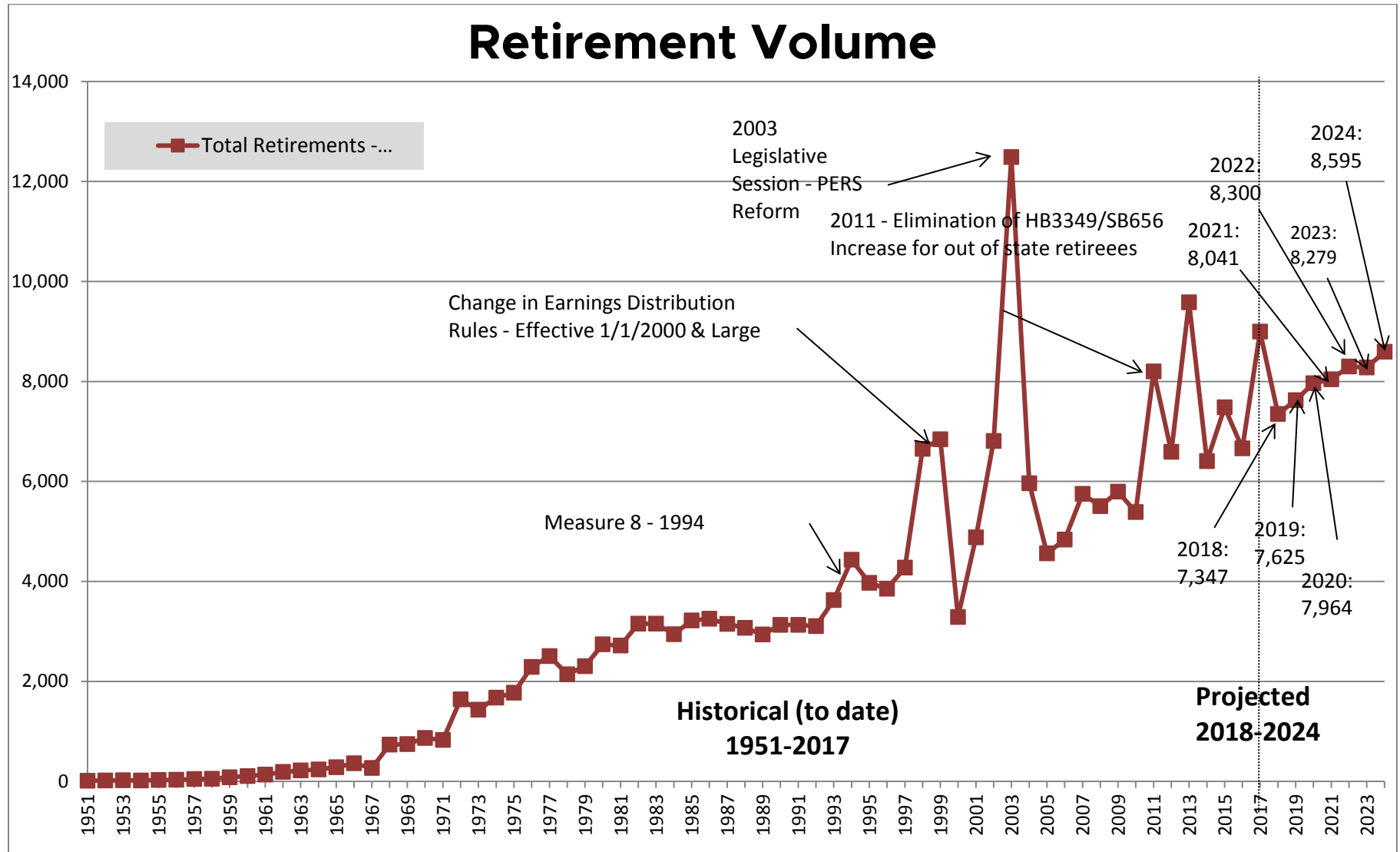
In addition to retiring members leaving public service, PERS accepts demographic data and establishes account information for new public employees. Finally, retired members are living longer, so PERS is experiencing an increased volume in: the pension roll (number of retirees and beneficiaries receiving 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

Active Member Age Distribution PERS and OPSRP



BUDGET NARRATIVE



BUDGET NARRATIVE

Complex and Evolving Plan Structures

From 1945 to 2018, the legislature has approved more than 70 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.

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 350,000 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.

BUDGET NARRATIVE

Criteria for 2019-2021 Budget Development

By initiating its new management system in 2012, PERS began an evolution 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 2019-21 biennium are connected to tactical, incremental strategies to maintain or improve performance of our business objectives.

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.

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).

BUDGET NARRATIVE

Performance Measures

2018 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 FY2018, PERS issued 65% of its pension benefit inceptions within 45 days of the member's effective retirement date, a decrease from the 79.4% performance rate in FY2017. This year's decrease can be tied to the heavy volume of retirement applications received during its annual July spike (related to many teacher retirements). While the July spike is an annual occurrence, PERS underestimated the number of temps it needed to keep pace with the large volume of applications during this time period for FY2018. Because of this, PERS was only able to issue 27% of service retirement benefit inceptions within 45 days of the effective retirement date during the months of July and August 2017. By contrast, PERS was able to perform at or near its targeted level of 80% in each of the other quarters during FY2018.

High-Quality Customer Service

For the FY2018 member survey, PERS received improved ratings over the 2017 levels in all categories. Members rated PERS between 88% and 92% "good" or "excellent", with 91% of members rating PERS overall service as good or excellent. Members rated PERS highest in Expertise (92%) and lowest in Availability of Information (88%).

In the FY2018 employer survey, the results reflected slight decreases in every category. Employers rated PERS between 81% and 90% "good" or "excellent," with 89% of employers rating PERS overall service as excellent or good. Employers rated PERS highest in Timeliness and Helpfulness (90%) and lowest in Availability of Information (81%).

Optimize Effectiveness and Efficiency

PERS' member to staff ratio increased to 1,048:1 in FY2018, up from 1,005:1 in FY2017. The staffing for FY18 decreased by 1.8% from FY17 levels, while the membership levels are up by 2.4% 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.

Demographic research shows that the next five to ten years will see a dramatically increasing number of members who qualify for retirement benefits. While the rising volume of retirements is an issue facing most public pension systems, PERS has also been challenged by transitioning to a newly developed and implemented IT system. This situation is expected to improve as staff adapts to the functionality provided by that system and the operational demands of statutory changes and program expansions (OPSRP and IAP) are normalized. In the long term, the improved IT systems will lead to more streamlined processes, allowing the agency to continue to handle increasing workloads with stabilized staffing.

Please see the full 2018 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 2019-2021 biennium.

Risk and Security Management

As identified in PERS 2015-2020 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). Throughout the 2017-2019 biennium, PERS has worked with the Enterprise Security Office (ESO) on the development of an Information Security Program and ongoing remediation efforts. PERS and the OSCIO are jointly reporting the progress of program development and remediation efforts to the Legislative Financial Office (LFO), which are estimated to be completed by June 30, 2019.

PERS has also been developing its Business Continuity Program, called the Continuity Management Program, which encompasses its Continuity, and Disaster Recovery Programs. PERS is also reporting progress of program development efforts to the Legislative Fiscal Office (LFO), which are estimated to be completed by June 30, 2019. To ensure PERS’ limited resources are focused on meeting the agency mission of “*serving the people of Oregon by administering public employee benefits trusts to pay the right person the right benefit at the right time*”, PERS is seeking to develop and implement a Risk Management Program, whereby agency risk will be the governing factor when evaluating Information Security, Technology, and business processes investments and services.

BUDGET NARRATIVE

Program Prioritization for 2019-21

Public Employees Retirement System															
2019-2021 Biennium														45900	
Retirement, Death & Disability Program															
Program/Division Priorities for 2019-2021 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		10,261,052,242	\$ 10,261,052,242			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		1,423,365,167	\$ 1,423,365,167			N	C	Article 1	No Changes to CSL -
1	1	PERS	OPSRP-DB	Pension Program	KPM #1, 2, 3, 4, 6, 7 & 8	4		75,188,960	\$ 75,188,960			N	C	Article 1	No Changes to CSL -
			OPSRP-IAP	Third Party Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4		5,816,860	\$ 5,816,860			N	S	ORS 238 A	No Changes to CSL -
			Admin	Central Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4	4,455,979		\$ 4,455,979	15	15.00	Y	S	ORS 237,238, & 238A	Policy Pkg 104
			FASD	Financial and Admin Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	24,503,926		\$ 24,503,926	45	45.00	Y	S	ORS 237,238, & 238A	Policy Pkg 103
			ISD	Information Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	24,202,141		\$ 24,202,141	69	69	Y	S	ORS 237,238, & 238A	Policy Pkg. 102, 104, 105, 109
			OD	Operations Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	40,285,930		\$ 40,285,930	208	208	Y	S	ORS 237,238, & 238A	Policy Pkg 104, 108
			CARD	Compliance, Audit and Risk Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	6,988,629		\$ 6,988,629	17	17	Y	S	ORS 237,238, & 238A	Policy Pkg 101,104,106
							100,436,606	11,765,423,229	\$ 11,865,859,835	354	354.00				

- 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 2019-2021

Public Employees Retirement System																	
2019-2021 Biennium														Agency Number: 45900			
PERS Retiree Health Insurance Program																	
Program/Division Priorities for 2019-2021 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	75,593,565	\$ 75,593,565				N	S	ORS 238.420	No Changes to CSL -		
2	2	PERS	RHIPA	Retirement Health Insurance Premium Account	KPM # 2, 3, 6 & 8	4	10,234,268	\$ 10,234,268				N	S	ORS 238.415	No Changes to CSL -		
2	2	PERS	SRHIA	Standard Retiree Health Insurance Account	KPM # 2, 3, 6 & 8	4	297,733,008	\$ 297,733,008				N	S	ORS 238.410	No Changes to CSL -		
			Admin	Third Party Administration	KPM # 2, 3, 6 & 8	4	32,919,601	\$ 32,919,601				N	S	ORS 237,238, & 238A	No Changes to CSL -		
			FSD	Fiscal Services Division	KPM # 2, 3, 6 & 8	4	2,425,391	\$ 2,425,391	6	6.00		Y	S	ORS 237,238, & 238A	No Changes to CSL -		
								\$ -									
								\$ -									
							2,425,391	416,480,442	\$ 418,905,833	6	6.00						

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."

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

2019-21

Program 2

107BF23

BUDGET NARRATIVE

PROGRAM PRIORITIZATION FOR 2019-2021

Public Employees Retirement System														
2019-2021 Biennium													45900	
Deferred Compensation Program														
Program/Division Priorities for 2019-2021 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	Prgm/ Div													
3		PERS	OSGP	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 No Changes to CSL –	
			FASD	Financial & Admin Services Division	KPM # 2, 3, 5, 6 & 8	4	2,594,851	\$ 2,594,851	8	8.00	Y	ORS 243.401 - 243.507		
							\$ -							
							\$ -							
							\$ -							
							\$ -							
							\$ -							
							\$ -							
							2,594,851	\$ 2,594,851	8	8.00				

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 2019-2021

Public Employees Retirement System																	
2019-2021 Biennium														Agency Number: 45900			
Social Security Coverage Program																	
Program/Division Priorities for 2019-2021 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	Admin	Compliance Audit and Risk Division	KPM # 2, 3, 6 & 8	4	455,423	\$ 455,423	1	1.00	N	Y	FM	Fed Reg Title 20, 404.1204	No Changes to CSL -		
								\$ -									
								\$ -									
								\$ -									
								\$ -									
								\$ -									
							455,423	\$ 455,423	1	1.00							

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:

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.

2019-21

Program 4

107BF23

BUDGET NARRATIVE

PROGRAM PRIORITIZATION FOR 2019-2021

Public Employees Retirement System																									
2019-2021 Biennium																			Agency Number: 45900						
Debt Service Program																									
Program/Division Priorities for 2019-2021 Biennium																									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	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	GF	LF	OF	NL-OF	FF	NL-FF	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	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request				
Agcy	Prgm/ Div																								
		PERS		Debt Service	KPM # 2	4			0				\$ -				N	D			No Changes to CSL -				
													\$ -												
													\$ -												
													\$ -												
													\$ -												
													\$ -												
													\$ -												
													\$ -												
													\$ -	0	0.00										

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

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 debt service for the Public Employee Retirement Program is repayment for the PERS Headquarters Building located in Tigard.

The amount of debt service included in the agency's budget is taken from debt schedules produced by the Department of Administrative Services (DAS) and is not a discretionary budget item for PERS. As such, information is provided for budget disclosure rather than prioritization purposes.

BUDGET NARRATIVE

PROGRAM PRIORITIZATION FOR 2019-2021

Public Employees Retirement System															
2019-2021 Biennium														45900	
Agency-Wide Priorities for 2019-2021 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	100,436,606	11,765,423,229	\$ 11,865,859,835	354	354.00	Y	C	Article 1	Policy Pkg.101-109
2	2	PERS		PERS Retiree Health Insurance Program	KPM # 2, 3, 6 & 8	4	2,425,391	416,480,442	\$ 418,905,833	6	6.00	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	2,594,851		\$ 2,594,851	8	8.00	Y	S	ORS 243.401 - 243.507	No Changes to CSL -
4	4	PERS		Social Security Coverage Program	KPM # 2, 3, 6 & 8	4	455,423		\$ 455,423	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 -
									\$ -						
									\$ -						
									\$ -						
							105,912,270	12,181,903,671	\$ 12,287,815,941	369	369.00				

19. Legal Requirement Code
- C Constitutional
 - D Debt Service
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 - 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.

2019-21

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 employee overtime, and use of temporary staffing	Reduces overtime and use of temporary staffing by 50% supporting all operating programs	\$720,699 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
4. Reduce AG fees	Limits legal sufficiency review to contracts over \$150,000 (per OAR 137-045-0030 requirements), and decreases litigation support.	\$176,868 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.
5. Reduce IT contracting budget and professional services.	Reduces IT contracting budget and professional services for Agency projects by 50%.	\$1,271,641 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 Information Technology training plan	Eliminates training not related to support and maintenance of jClarety.	\$190,043 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.
8. Reduce office supplies (S&S)	Reduces office supplies support to all divisions and sections.	\$171,647 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.

BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
9. 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.
10. Reduce centrally coordinated mail services and supply ordering/delivery	Eliminates position supporting mail services, supply ordering and delivery. (1 position - 1.00 FTE)	\$128,128 Other Funds	Decreases mail and supply delivery, increases Agency response time to customer correspondence, and increases risk of inconsistent ordering practices and outcomes. Hinders the Agency's ability to achieve KPM #1 - 80% of initial benefit payment within 45 days, KPM #7 - 95% of benefit estimates within 30 days, and KPM #6 - Customer Service.
11. Reduce Agency training support	Eliminates 1 position responsible for coordination and delivery of training plans and materials. (1 position - 1.00 FTE)	\$159,147 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 disability program support	Eliminates 2 positions handling disability program support for the Operations Division (2 position - 2.00 FTE)	\$307,985 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.
13. Reduce technical support for data query	Eliminates 1 position processing and developing queries. (1 position - 1.00 FTE)	\$239,448 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.

BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
14. Eliminate Health Insurance Program administrative support	Eliminates 1 position providing administrative support to Health Insurance Program Manager. (1 position – 1.00 FTE)	\$183,460 Other Funds	Increases response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #1 - Timely Retirement Payments, and KPM #6 - Customer Service.
15. Eliminate Operations Division administrative support	Eliminates 2 positions providing administrative support for Operations Division. (2 position – 2.00 FTE)	\$267,535 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.
16. 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)	\$170,477 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.
17. Eliminate Deputy Director executive support	Eliminates 1 position providing executive support to Deputy Director. (1 position – 1.00 FTE)	\$182,785 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 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)	\$304,062 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.

BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
19. 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)	\$514,298 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.
20. Eliminate Deferred Compensation Program support in Salem	Eliminates 2 program support positions, closes Salem office, and reassigns staff to Tigard office. (2 positions – 2.00 FTE)	\$553,859 Other Funds	Increases time needed to complete work and response time to the Agency's customers, risks limiting the Deferred Compensation Program's growth, and eliminates local presence and direct customer service in Salem. Impedes efforts to achieve KPM #5 - Increase participation to 38%, as well as hindering progress on KPM #6 - Customer Service.
21. Reduce IT systems development support	Eliminates 1 developer position supporting Agency projects. (1 positions – 1.00 FTE)	\$234,729 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.
22. Reduce fiscal services program support	Eliminates 1 accounting position supporting general ledger transactions, journal entries for jClarety activity, and reconciliation of employer and member accounts. (1 position – 1.00 FTE)	\$239,448 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, hindering progress on KPM #8 - Board Best Practices.

BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
23. Reduce tax accounting program support	Eliminates 1 accountant position supporting financial reporting, and federal and state tax compliance. (1 positions – 1.00 FTE)	\$183,460 Other Funds	Increases time needed to complete work, and risks of untimely tax compliance, reporting, and remittance, contrary to KPM #8 - Board Best Practices.
24. Eliminate Application Support Position for technical releases	Eliminates 1 project manager within the operations technical support. (1 position – 1.00 FTE)	\$189,019 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.
25. Reduce Contracts and Procurement program support	Eliminates 1 procurement assistant support position. (1 position – 1.00 FTE)	\$177,059 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.
26. Reduce withdrawal program support	Eliminates 1 position supporting withdrawal applications (1 position – 1.00 FTE)	\$159,147 Other Funds	Reducing this position lengthens the average processing time for withdrawals. Currently 90-120 days to 120-150 days. It would also increase escalations for call center staff and managers. KPM #2.
27. 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)	\$407,410 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 divorce program support	Eliminates 1 position supporting divorce services program management, productivity enhancements problem resolution / troubleshooting. (1 positions – 1.00 FTE)	\$197,344 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.

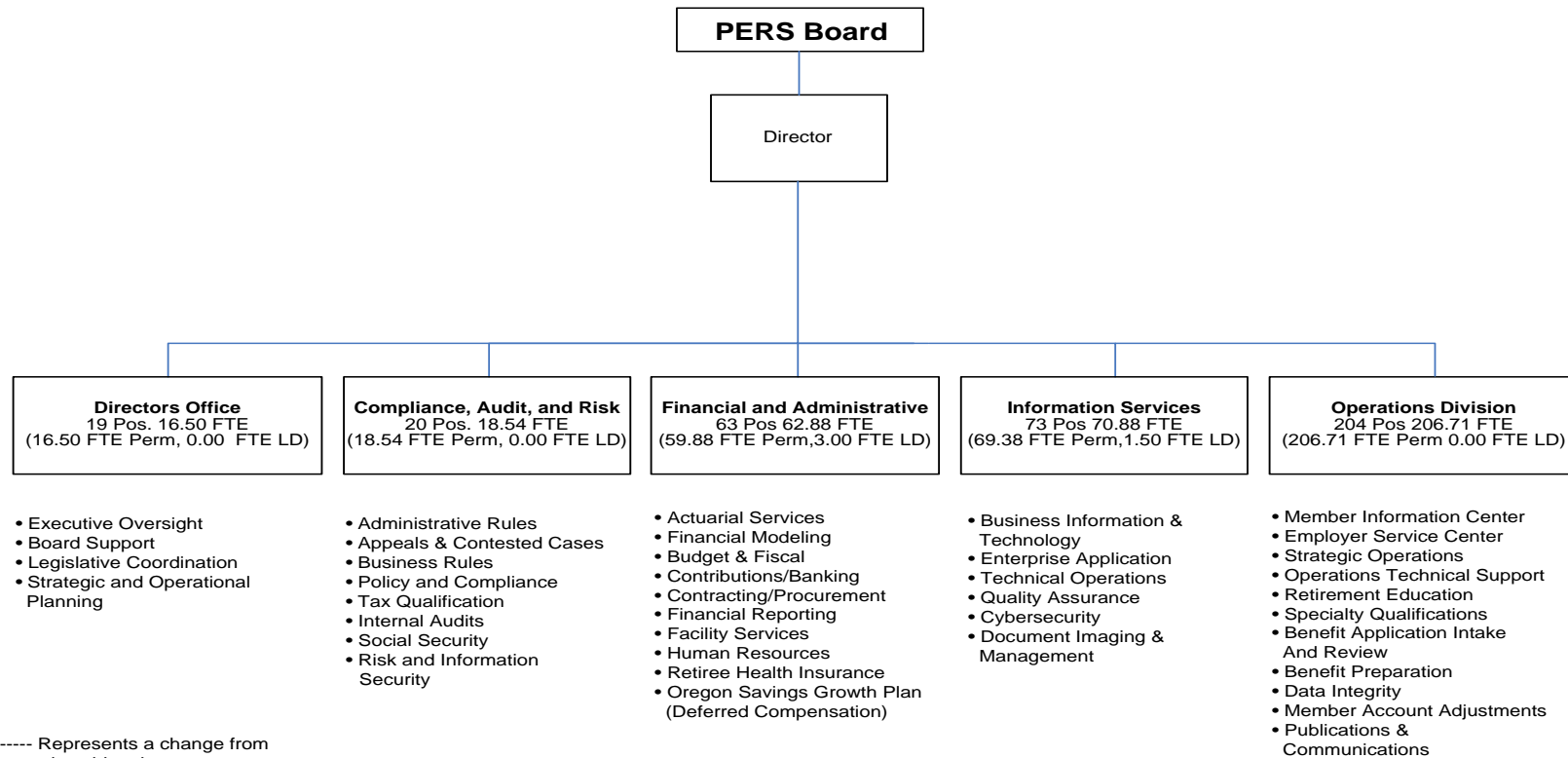
BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
29. Reduce benefit estimate and administrative program support	Eliminates 1 position supporting benefit estimates, and 1 position supporting data validation. (2 positions – 2.00 FTE)	\$365,356 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.
30. Reduce business rules coordination program support	Eliminates 1 position providing Agency-wide coordination of business rules. (1 position – 1.00 FTE)	\$248,781 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.
31. Reduce Tech Imaging Support for agency	Eliminates 2 positions coordinating technical imaging support. (2 positions – 2.00 FTE)	\$270,931 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.
32. Reduce Actuarial service program support	Eliminates 1 position providing support to the actuarial services. (1 position – 1.00 FTE)	\$239,163 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, hindering progress on KPM #8 - Board Best Practices.
33. Reduce technical support and application development for the operations and information services divisions	Eliminates 4 positions providing technical support and application development (4 positions – 4.00 FTE)	\$796,258 Other Funds	Increases time needed towards application development, hindering the Agency's ability to achieve KPM #6 - Customer Service.
34. Reduce employer audit and communications	Eliminates 2 positions in employer outreach (2 position – 2.00 FTE)	\$413,192 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	36 Positions (36.00 FTE)	\$10,673,783 Other Funds	

BUDGET NARRATIVE

2017-2019 Organization Chart

Public Employees Retirement System
2017-19 Legislatively Approved Budget
379 Positions
375.51 FTE



----- Represents a change from the previous biennium
_____ Denotes no change from prior biennium

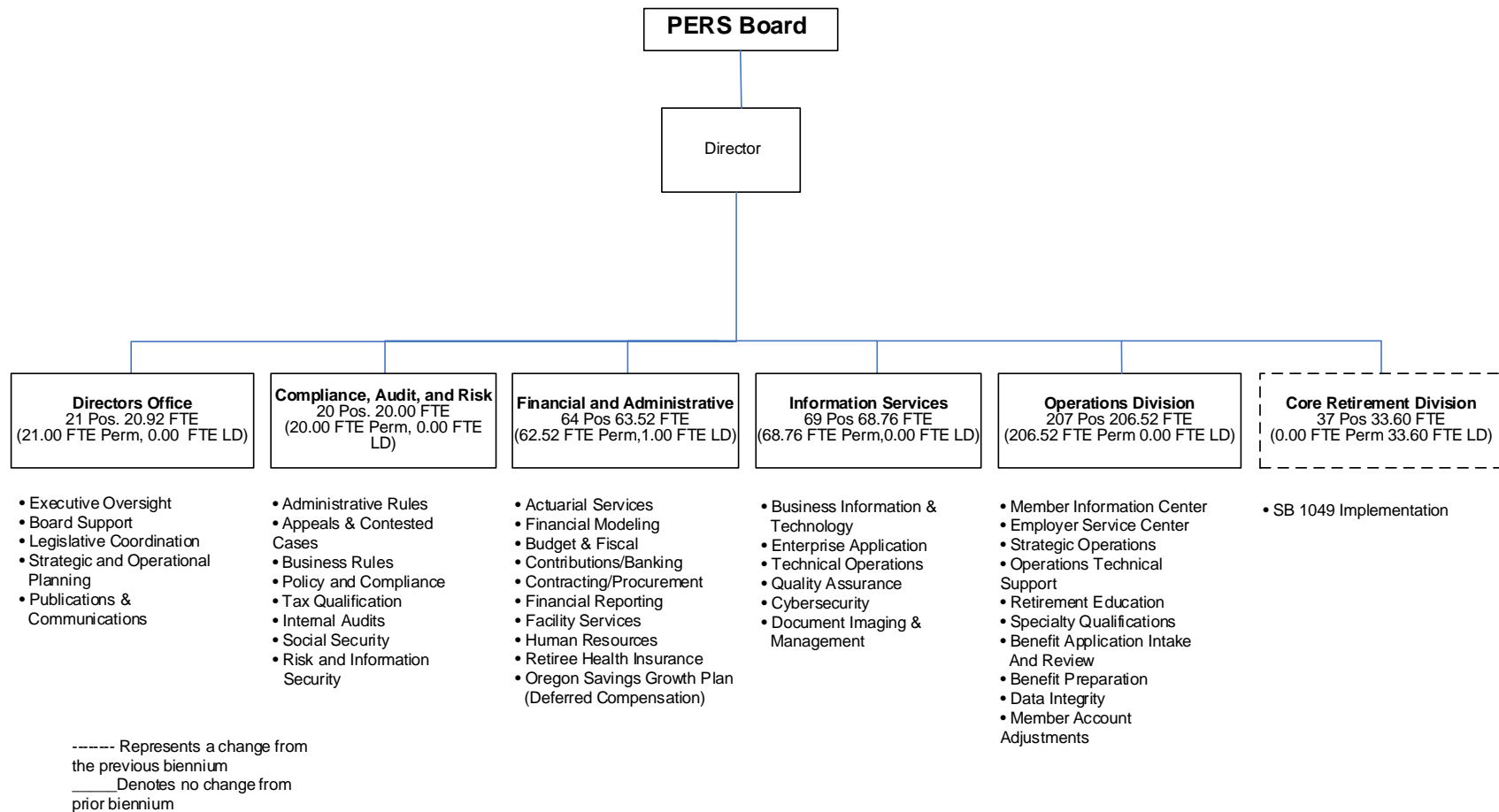
BUDGET NARRATIVE

2019-2021 Organization Chart

Public Employees Retirement System 2019-21 Legislatively Adopted Budget

418 Positions

413.32 FTE



BUDGET NARRATIVE

Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Public Employees Retirement System, Oregon
2019-21 Biennium

Leg. Adopted Budget
Cross Reference Number: 45900-000-00-00-000000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2017-19 Leg Adopted Budget	373	372.29	11,092,619,004	-	-	98,448,004	-	10,994,171,000	-
2017-19 Emergency Boards	3	2.01	3,010,175	-	-	3,010,175	-	-	-
2017-19 Leg Approved Budget	376	374.30	11,095,629,179	-	-	101,458,179	-	10,994,171,000	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(7)	(5.30)	1,541,425	-	-	1,541,425	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			1,498,916,721	-	-	-	-	1,498,916,721	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	369	369.00	12,596,087,325	-	-	102,999,604	-	12,493,087,721	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,261,459	-	-	1,261,459	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	137,839	-	-	137,839	-	-	-
Subtotal	-	-	1,399,298	-	-	1,399,298	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(5,408,954)	-	-	(5,408,954)	-	-	-
Subtotal	-	-	(5,408,954)	-	-	(5,408,954)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	890,557	-	-	890,557	-	-	-
State Gov't & Services Charges Increase/(Decrease)			6,031,765	-	-	6,031,765	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Public Employees Retirement System, Oregon
2019-21 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
Subtotal	-	-	6,922,322	-	-	6,922,322	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	369	369.00	12,598,999,991	-	-	105,912,270	-	12,493,087,721	-

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BUDGET NARRATIVE

Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Public Employees Retirement System, Oregon
2019-21 Biennium

Leg. Adopted Budget
Cross Reference Number: 45900-000-00-00-000000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2019-21 Current Service Level	369	369.00	12,598,999,991	-	-	105,912,270	-	12,493,087,721	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	369	369.00	12,598,999,991	-	-	105,912,270	-	12,493,087,721	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	1	1.00	198,066	-	-	198,066	-	-	-
082 - December 2018 EBoard	2	2.00	2,140,191	-	-	2,140,191	-	-	-
090 - Analyst Adjustments	-	-	(644,528)	-	-	(644,528)	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	23,078,943	-	-	11,539,472	-	11,539,471	-
802 - Project Management and Administration	-	-	2,500,000	-	-	2,500,000	-	-	-
803 - Quality Assurance and Testing	-	-	2,500,000	-	-	2,500,000	-	-	-
804 - Information Technology Applications	-	-	25,992,000	-	-	25,992,000	-	-	-
805 - Operational Implementation	43	39.04	8,552,312	-	-	8,552,312	-	-	-
806 - Contingency Reserve	-	-	500,000	-	-	500,000	-	-	-
810 - Statewide Adjustments	-	-	(99,540)	-	-	(99,540)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	(3)	(3.00)	(631,523)	-	-	(631,523)	-	-	-
813 - Policy Bills	-	-	200,000,000	100,000,000	-	100,000,000	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Public Employees Retirement System, Oregon
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	1,715,318	-	-	1,715,318	-	-	-
103 - FASD Strategic Fulfillment	1	1.00	357,679	-	-	357,679	-	-	-
104 - Maintaining Current Services	6	5.28	925,085	-	-	925,085	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	638,291	-	-	638,291	-	-	-
107 - Deferred Maintenance	-	-	1,161,555	-	-	1,161,555	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	50	45.32	268,883,849	100,000,000	-	157,344,378	-	11,539,471	-
Total 2019-21 Leg. Adopted Audit	419	414.32	12,867,883,840	100,000,000	-	263,256,648	-	12,504,627,192	-

Percentage Change From 2017-19 Leg Approved Budget	11.44%	10.69%	15.97%	-	-	159.47%	-	13.74%	-
Percentage Change From 2019-21 Current Service Level	13.55%	12.28%	2.13%	-	-	148.56%	-	0.09%	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Non-Limited Programs
2019-21 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
2017-19 Leg Adopted Budget	-	-	10,994,171,000	-	-	-	-	10,994,171,000	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	10,994,171,000	-	-	-	-	10,994,171,000	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	1,498,916,721	-	-	-	-	1,498,916,721	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	12,493,087,721	-	-	-	-	12,493,087,721	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	12,493,087,721	-	-	-	-	12,493,087,721	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Non-Limited Programs
2019-21 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
Subtotal: 2019-21 Current Service Level	-	-	12,493,087,721	-	-	-	-	12,493,087,721	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	12,493,087,721	-	-	-	-	12,493,087,721	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	11,539,471	-	-	-	-	11,539,471	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Non-Limited Programs
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	11,539,471	-	-	-	-	11,539,471	-
Total 2019-21 Leg. Adopted Audit	-	-	12,504,627,192	-	-	-	-	12,504,627,192	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	13.74%	-	-	-	-	13.74%	-
Percentage Change From 2019-21 Current Service Level	-	-	0.09%	-	-	-	-	0.09%	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Tier One and Tier Two Pension Programs
2019-21 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
2017-19 Leg Adopted Budget	-	-	9,083,000,000	-	-	-	-	9,083,000,000	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	9,083,000,000	-	-	-	-	9,083,000,000	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	1,178,052,242	-	-	-	-	1,178,052,242	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	10,261,052,242	-	-	-	-	10,261,052,242	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	10,261,052,242	-	-	-	-	10,261,052,242	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Tier One and Tier Two Pension Programs
2019-21 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
Subtotal: 2019-21 Current Service Level	-	-	10,261,052,242	-	-	-	-	10,261,052,242	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	10,261,052,242	-	-	-	-	10,261,052,242	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	11,539,471	-	-	-	-	11,539,471	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Tier One and Tier Two Pension Programs
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	11,539,471	-	-	-	-	11,539,471	-
Total 2019-21 Leg. Adopted Audit	-	-	10,272,591,713	-	-	-	-	10,272,591,713	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	13.10%	-	-	-	-	13.10%	-
Percentage Change From 2019-21 Current Service Level	-	-	0.11%	-	-	-	-	0.11%	-

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BUDGET NARRATIVE

Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Retirement Health Insurance Programs
2019-21 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
2017-19 Leg Adopted Budget	-	-	815,271,000	-	-	-	-	815,271,000	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	815,271,000	-	-	-	-	815,271,000	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	(81,789,648)	-	-	-	-	(81,789,648)	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	733,481,352	-	-	-	-	733,481,352	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	733,481,352	-	-	-	-	733,481,352	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Retirement Health Insurance Programs
2019-21 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
Subtotal: 2019-21 Current Service Level	-	-	733,481,352	-	-	-	-	733,481,352	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	733,481,352	-	-	-	-	733,481,352	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Retirement Health Insurance Programs
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2019-21 Leg. Adopted Audit	-	-	733,481,352	-	-	-	-	733,481,352	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-10.03%	-	-	-	-	-10.03%	-
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Oregon Public Service Retirement Pension Pgm
2019-21 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
2017-19 Leg Adopted Budget	-	-	39,000,000	-	-	-	-	39,000,000	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	39,000,000	-	-	-	-	39,000,000	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	36,188,960	-	-	-	-	36,188,960	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	75,188,960	-	-	-	-	75,188,960	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	75,188,960	-	-	-	-	75,188,960	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Oregon Public Service Retirement Pension Pgm
2019-21 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
Subtotal: 2019-21 Current Service Level	-	-	75,188,960	-	-	-	-	75,188,960	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	75,188,960	-	-	-	-	75,188,960	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Oregon Public Service Retirement Pension Pgm
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2019-21 Leg. Adopted Audit	-	-	75,188,960	-	-	-	-	75,188,960	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	92.79%	-	-	-	-	92.79%	-
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Individual Account Program (IAP)
2019-21 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
2017-19 Leg Adopted Budget	-	-	1,056,900,000	-	-	-	-	1,056,900,000	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	1,056,900,000	-	-	-	-	1,056,900,000	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	366,465,167	-	-	-	-	366,465,167	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	1,423,365,167	-	-	-	-	1,423,365,167	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	1,423,365,167	-	-	-	-	1,423,365,167	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Individual Account Program (IAP)
2019-21 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
Subtotal: 2019-21 Current Service Level	-	-	1,423,365,167	-	-	-	-	1,423,365,167	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	1,423,365,167	-	-	-	-	1,423,365,167	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Individual Account Program (IAP)
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2019-21 Leg. Adopted Audit	-	-	1,423,365,167	-	-	-	-	1,423,365,167	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	34.67%	-	-	-	-	34.67%	-
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Employer Resolution Programs
2019-21 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
2017-19 Leg Adopted Budget	-	-	-	-	-	-	-	-	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2019-21 Base Budget Adjustments									
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			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Employer Resolution Programs
2019-21 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
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	200,000,000	100,000,000	-	100,000,000	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Employer Resolution Programs
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	200,000,000	100,000,000	-	100,000,000	-	-	-
Total 2019-21 Leg. Adopted Audit	-	-	200,000,000	100,000,000	-	100,000,000	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Employer Incentive Fund
2019-21 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
2017-19 Leg Adopted Budget	-	-	-	-	-	-	-	-	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2019-21 Base Budget Adjustments									
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			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Employer Incentive Fund
2019-21 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
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	200,000,000	100,000,000	-	100,000,000	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Employer Incentive Fund
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	200,000,000	100,000,000	-	100,000,000	-	-	-
Total 2019-21 Leg. Adopted Audit	-	-	200,000,000	100,000,000	-	100,000,000	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Limited - Operations
2019-21 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
2017-19 Leg Adopted Budget	373	372.29	98,448,004	-	-	98,448,004	-	-	-
2017-19 Emergency Boards	3	2.01	3,010,175	-	-	3,010,175	-	-	-
2017-19 Leg Approved Budget	376	374.30	101,458,179	-	-	101,458,179	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(7)	(5.30)	1,541,425	-	-	1,541,425	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	369	369.00	102,999,604	-	-	102,999,604	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,261,459	-	-	1,261,459	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	137,839	-	-	137,839	-	-	-
Subtotal	-	-	1,399,298	-	-	1,399,298	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(5,408,954)	-	-	(5,408,954)	-	-	-
Subtotal	-	-	(5,408,954)	-	-	(5,408,954)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	890,557	-	-	890,557	-	-	-
State Gov't & Services Charges Increase/(Decrease)			6,031,765	-	-	6,031,765	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Limited - Operations
2019-21 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
Subtotal	-	-	6,922,322	-	-	6,922,322	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	369	369.00	105,912,270	-	-	105,912,270	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Limited - Operations
2019-21 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
Subtotal: 2019-21 Current Service Level	369	369.00	105,912,270	-	-	105,912,270	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	369	369.00	105,912,270	-	-	105,912,270	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	1	1.00	198,066	-	-	198,066	-	-	-
082 - December 2018 EBoard	2	2.00	2,140,191	-	-	2,140,191	-	-	-
090 - Analyst Adjustments	-	-	(644,528)	-	-	(644,528)	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	11,539,472	-	-	11,539,472	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	6	5.44	984,598	-	-	984,598	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	(99,540)	-	-	(99,540)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	(3)	(3.00)	(631,523)	-	-	(631,523)	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Limited - Operations
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	1,715,318	-	-	1,715,318	-	-	-
103 - FASD Strategic Fulfillment	1	1.00	357,679	-	-	357,679	-	-	-
104 - Maintaining Current Services	6	5.28	925,085	-	-	925,085	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	638,291	-	-	638,291	-	-	-
107 - Deferred Maintenance	-	-	1,161,555	-	-	1,161,555	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	13	11.72	18,284,664	-	-	18,284,664	-	-	-
Total 2019-21 Leg. Adopted Audit	382	380.72	124,196,934	-	-	124,196,934	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	1.60%	1.72%	22.41%	-	-	22.41%	-	-	-
Percentage Change From 2019-21 Current Service Level	3.52%	3.18%	17.26%	-	-	17.26%	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Central Administration
2019-21 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
2017-19 Leg Adopted Budget	14	14.00	3,451,379	-	-	3,451,379	-	-	-
2017-19 Emergency Boards	1	1.00	632,221	-	-	632,221	-	-	-
2017-19 Leg Approved Budget	15	15.00	4,083,600	-	-	4,083,600	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	184,135	-	-	184,135	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	15	15.00	4,267,735	-	-	4,267,735	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	58,081	-	-	58,081	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	17,850	-	-	17,850	-	-	-
Subtotal	-	-	75,931	-	-	75,931	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	21,653	-	-	21,653	-	-	-
State Gov't & Services Charges Increase/(Decrease)			2,660	-	-	2,660	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Central Administration
2019-21 Biennium

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

<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>
Subtotal	-	-	24,313	-	-	24,313	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	88,000	-	-	88,000	-	-	-
Subtotal: 2019-21 Current Service Level	15	15.00	4,455,979	-	-	4,455,979	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Central Administration
2019-21 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
Subtotal: 2019-21 Current Service Level	15	15.00	4,455,979	-	-	4,455,979	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	15	15.00	4,455,979	-	-	4,455,979	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	4	4.00	704,393	-	-	704,393	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	2	1.92	388,736	-	-	388,736	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	(21,334)	-	-	(21,334)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Central Administration
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	6	6.92	1,071,795	-	-	1,071,795	-	-	-
Total 2019-21 Leg. Adopted Audit	21	20.92	5,527,774	-	-	5,527,774	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	40.00%	39.47%	35.37%	-	-	35.37%	-	-	-
Percentage Change From 2019-21 Current Service Level	40.00%	39.47%	24.05%	-	-	24.05%	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Financial & Admin Services Division (FASD)
2019-21 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
2017-19 Leg Adopted Budget	62	62.50	22,886,280	-	-	22,886,280	-	-	-
2017-19 Emergency Boards	-	-	431,660	-	-	431,660	-	-	-
2017-19 Leg Approved Budget	62	62.50	23,317,940	-	-	23,317,940	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(3)	(3.50)	4,731	-	-	4,731	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	59	59.00	23,322,671	-	-	23,322,671	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	213,726	-	-	213,726	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	14,972	-	-	14,972	-	-	-
Subtotal	-	-	228,698	-	-	228,698	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(379,805)	-	-	(379,805)	-	-	-
Subtotal	-	-	(379,805)	-	-	(379,805)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	277,499	-	-	277,499	-	-	-
State Gov't & Services Charges Increase/(Decrease)			5,775,105	-	-	5,775,105	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Financial & Admin Services Division (FASD)
2019-21 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
Subtotal	-	-	6,052,604	-	-	6,052,604	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	300,000	-	-	300,000	-	-	-
Subtotal: 2019-21 Current Service Level	59	59.00	29,524,168	-	-	29,524,168	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Financial & Admin Services Division (FASD)
2019-21 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
Subtotal: 2019-21 Current Service Level	59	59.00	29,524,168	-	-	29,524,168	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	59	59.00	29,524,168	-	-	29,524,168	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	1	1.00	198,066	-	-	198,066	-	-	-
082 - December 2018 EBoard	-	-	1,698,000	-	-	1,698,000	-	-	-
090 - Analyst Adjustments	-	-	(183,430)	-	-	(183,430)	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	11,539,472	-	-	11,539,472	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	4	3.52	595,862	-	-	595,862	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	187,025	-	-	187,025	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	(1)	(1.00)	(250,886)	-	-	(250,886)	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Financial & Admin Services Division (FASD)
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	1	1.00	357,679	-	-	357,679	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	1,161,555	-	-	1,161,555	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	5	4.52	15,303,343	-	-	15,303,343	-	-	-
Total 2019-21 Leg. Adopted Audit	64	63.52	44,827,511	-	-	44,827,511	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	3.23%	1.63%	92.24%	-	-	92.24%	-	-	-
Percentage Change From 2019-21 Current Service Level	8.47%	7.66%	51.83%	-	-	51.83%	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Information Services Division
2019-21 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
2017-19 Leg Adopted Budget	71	69.54	27,016,390	-	-	27,016,390	-	-	-
2017-19 Emergency Boards	2	1.34	1,058,842	-	-	1,058,842	-	-	-
2017-19 Leg Approved Budget	73	70.88	28,075,232	-	-	28,075,232	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(4)	(1.88)	298,839	-	-	298,839	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	69	69.00	28,374,071	-	-	28,374,071	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	263,265	-	-	263,265	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	33,517	-	-	33,517	-	-	-
Subtotal	-	-	296,782	-	-	296,782	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(4,779,149)	-	-	(4,779,149)	-	-	-
Subtotal	-	-	(4,779,149)	-	-	(4,779,149)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	310,437	-	-	310,437	-	-	-
Subtotal	-	-	310,437	-	-	310,437	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Information Services Division
2019-21 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	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	69	69.00	24,202,141	-	-	24,202,141	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Information Services Division
2019-21 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
Subtotal: 2019-21 Current Service Level	69	69.00	24,202,141	-	-	24,202,141	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	69	69.00	24,202,141	-	-	24,202,141	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	(63,820)	-	-	(63,820)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	(1)	(1.00)	(129,751)	-	-	(129,751)	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Information Services Division
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	1,715,318	-	-	1,715,318	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	2	1.76	356,295	-	-	356,295	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	1	0.76	1,878,042	-	-	1,878,042	-	-	-
Total 2019-21 Leg. Adopted Audit	70	69.76	26,080,183	-	-	26,080,183	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-4.11%	-1.58%	-7.11%	-	-	-7.11%	-	-	-
Percentage Change From 2019-21 Current Service Level	1.45%	1.10%	7.76%	-	-	7.76%	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Operations Division
2019-21 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
2017-19 Leg Adopted Budget	209	209.21	38,293,457	-	-	38,293,457	-	-	-
2017-19 Emergency Boards	(1)	(1.00)	700,265	-	-	700,265	-	-	-
2017-19 Leg Approved Budget	208	208.21	38,993,722	-	-	38,993,722	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	(0.21)	818,368	-	-	818,368	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	208	208.00	39,812,090	-	-	39,812,090	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	660,945	-	-	660,945	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	50,492	-	-	50,492	-	-	-
Subtotal	-	-	711,437	-	-	711,437	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	70,403	-	-	70,403	-	-	-
Subtotal	-	-	70,403	-	-	70,403	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Operations Division
2019-21 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	-	-	(308,000)	-	-	(308,000)	-	-	-
Subtotal: 2019-21 Current Service Level	208	208.00	40,285,930	-	-	40,285,930	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Operations Division
2019-21 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
Subtotal: 2019-21 Current Service Level	208	208.00	40,285,930	-	-	40,285,930	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	208	208.00	40,285,930	-	-	40,285,930	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	(4)	(4.00)	(704,393)	-	-	(704,393)	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	(461,098)	-	-	(461,098)	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	(141,042)	-	-	(141,042)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	(1)	(1.00)	(250,886)	-	-	(250,886)	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Operations Division
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	4	3.52	568,790	-	-	568,790	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	(1)	(1.48)	(988,629)	-	-	(988,629)	-	-	-
Total 2019-21 Leg. Adopted Audit	207	206.52	39,297,301	-	-	39,297,301	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-0.48%	-0.81%	0.78%	-	-	0.78%	-	-	-
Percentage Change From 2019-21 Current Service Level	-0.48%	-0.71%	-2.45%	-	-	-2.45%	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Compliance, Audit, and Risk Division
2019-21 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
2017-19 Leg Adopted Budget	17	17.04	6,800,498	-	-	6,800,498	-	-	-
2017-19 Emergency Boards	1	0.67	187,187	-	-	187,187	-	-	-
2017-19 Leg Approved Budget	18	17.71	6,987,685	-	-	6,987,685	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	0.29	235,352	-	-	235,352	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	18	18.00	7,223,037	-	-	7,223,037	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	65,442	-	-	65,442	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	21,008	-	-	21,008	-	-	-
Subtotal	-	-	86,450	-	-	86,450	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(250,000)	-	-	(250,000)	-	-	-
Subtotal	-	-	(250,000)	-	-	(250,000)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	210,565	-	-	210,565	-	-	-
State Gov't & Services Charges Increase/(Decrease)			254,000	-	-	254,000	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Compliance, Audit, and Risk Division
2019-21 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
Subtotal	-	-	464,565	-	-	464,565	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(80,000)	-	-	(80,000)	-	-	-
Subtotal: 2019-21 Current Service Level	18	18.00	7,444,052	-	-	7,444,052	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Compliance, Audit, and Risk Division
2019-21 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
Subtotal: 2019-21 Current Service Level	18	18.00	7,444,052	-	-	7,444,052	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	18	18.00	7,444,052	-	-	7,444,052	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	2	2.00	442,191	-	-	442,191	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	-	-	-	-	-	-	-
803 - Quality Assurance and Testing	-	-	-	-	-	-	-	-	-
804 - Information Technology Applications	-	-	-	-	-	-	-	-	-
805 - Operational Implementation	-	-	-	-	-	-	-	-	-
806 - Contingency Reserve	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	(60,369)	-	-	(60,369)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Compliance, Audit, and Risk Division
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	638,291	-	-	638,291	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	2	2.00	1,020,113	-	-	1,020,113	-	-	-
Total 2019-21 Leg. Adopted Audit	20	20.00	8,464,165	-	-	8,464,165	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	11.11%	12.93%	21.13%	-	-	21.13%	-	-	-
Percentage Change From 2019-21 Current Service Level	11.11%	11.11%	13.70%	-	-	13.70%	-	-	-

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Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Core Retirement System Applications
2019-21 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
2017-19 Leg Adopted Budget	-	-	-	-	-	-	-	-	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2019-21 Base Budget Adjustments									
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			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

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BUDGET NARRATIVE

Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Core Retirement System Applications
2019-21 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
Subtotal: 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
082 - December 2018 EBoard	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
802 - Project Management and Administration	-	-	2,500,000	-	-	2,500,000	-	-	-
803 - Quality Assurance and Testing	-	-	2,500,000	-	-	2,500,000	-	-	-
804 - Information Technology Applications	-	-	25,992,000	-	-	25,992,000	-	-	-
805 - Operational Implementation	37	33.60	7,567,714	-	-	7,567,714	-	-	-
806 - Contingency Reserve	-	-	500,000	-	-	500,000	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
812 - Vacant Position Elimination	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-

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BUDGET NARRATIVE

Summary of 2019-21 Biennium Budget

Public Employees Retirement System, Oregon
Core Retirement System Applications
2019-21 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
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - Compliance Initiative	-	-	-	-	-	-	-	-	-
102 - Data Center Migration	-	-	-	-	-	-	-	-	-
103 - FASD Strategic Fulfillment	-	-	-	-	-	-	-	-	-
104 - Maintaining Current Services	-	-	-	-	-	-	-	-	-
105 - Modern Communication	-	-	-	-	-	-	-	-	-
106 - Risk and Security Managment	-	-	-	-	-	-	-	-	-
107 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
108 - LC 566 Member Choice	-	-	-	-	-	-	-	-	-
109 - Business Innovation Project	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	37	33.60	39,059,714	-	-	39,059,714	-	-	-
Total 2019-21 Leg. Adopted Audit	37	33.60	39,059,714	-	-	39,059,714	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

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BUDGET NARRATIVE

Public Employees Retirement System, Oregon

Agency Number: 45900

**Agencywide Program Unit Summary
2019-21 Biennium**

Version: Z - 01 - Leg. Adopted Budget

Summary Cross Reference Number	Cross Reference Description	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
010-01-00-00000	Tier One and Tier Two Pension Programs						
	General Fund	-	-	-	-	100,000,000	-
	Other Funds	8,590,606,787	9,083,000,000	9,083,000,000	10,261,052,242	10,261,052,242	10,272,591,713
	All Funds	8,590,606,787	9,083,000,000	9,083,000,000	10,261,052,242	10,361,052,242	10,272,591,713
010-02-00-00000	Retirement Health Insurance Programs						
	Other Funds	445,324,819	815,271,000	815,271,000	733,481,352	733,481,352	733,481,352
010-03-00-00000	Oregon Public Service Retirement Pension Pgm						
	Other Funds	36,637,883	39,000,000	39,000,000	75,188,960	75,188,960	75,188,960
010-04-00-00000	Individual Account Program (IAP)						
	Other Funds	783,690,283	1,056,900,000	1,056,900,000	1,423,365,167	1,423,365,167	1,423,365,167
200-01-00-00000	Employer Incentive Fund						
	General Fund	-	-	-	-	-	100,000,000
	Other Funds	-	-	-	-	-	100,000,000
	All Funds	-	-	-	-	-	200,000,000
400-00-00-00000	Debt Service						
	Other Funds	1,290,750	-	-	-	-	-
500-01-00-00000	Central Administration						
	Other Funds	3,401,149	3,451,379	4,083,600	4,700,210	4,692,802	5,527,774

2019-21 Biennium

Agencywide Program Unit Summary - BPR010

____ Agency Request ____ Governor's X Legislatively Adopted
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BUDGET NARRATIVE

Public Employees Retirement System, Oregon

Agency Number: 45900

**Agencywide Program Unit Summary
2019-21 Biennium**

Version: Z - 01 - Leg. Adopted Budget

Summary Cross Reference Number	Cross Reference Description	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
500-02-00-00000	Benefit Payments Division						
	Other Funds	13,429,937	-	-	-	-	-
500-03-00-00000	Financial & Admin Services Division (FASD)						
	Other Funds	29,032,261	22,886,280	23,317,940	33,630,019	30,318,851	44,827,511
500-04-00-00000	Information Services Division						
	Other Funds	26,718,047	27,016,390	28,075,232	28,524,390	26,711,780	26,080,183
500-05-00-00000	Customer Services Division						
	Other Funds	19,179,031	-	-	-	-	-
500-07-00-00000	Policy, Planning & Communications Division						
	Other Funds	5,775,826	-	-	-	-	-
500-08-00-00000	Operations Division						
	Other Funds	-	38,293,457	38,993,722	50,753,193	40,466,650	39,297,301
500-09-00-00000	Compliance, Audit, and Risk Division						
	Other Funds	-	6,800,498	6,987,685	9,227,052	8,662,763	8,464,165
900-00-00-00000	Core Retirement System Applications						
	Other Funds	-	-	-	-	-	39,059,714
TOTAL AGENCY							
	General Fund	-	-	-	-	100,000,000	100,000,000
	Other Funds	9,955,086,773	11,092,619,004	11,095,629,179	12,619,922,585	12,603,940,567	12,767,883,840

2019-21 Biennium

Agencywide Program Unit Summary - BPR010

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BUDGET NARRATIVE

Public Employees Retirement System, Oregon

Agency Number: 45900

Agencywide Program Unit Summary
2019-21 Biennium

Version: Z - 01 - Leg. Adopted Budget

<i>Summary Cross Reference Number</i>	<i>Cross Reference Description</i>	<i>2015-17 Actuals</i>	<i>2017-19 Leg Adopted Budget</i>	<i>2017-19 Leg Approved Budget</i>	<i>2019-21 Agency Request Budget</i>	<i>2019-21 Governor's Budget</i>	<i>2019-21 Leg. Adopted Audit</i>
TOTAL AGENCY							
	All Funds	9,955,086,773	11,092,619,004	11,095,629,179	12,619,922,585	12,703,940,567	12,867,883,840

2019-21 Biennium

Agencywide Program Unit Summary - BPR010

____ Agency Request ____ Governor's X Legislatively Adopted
2019-21

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BUDGET NARRATIVE

Revenues

Revenue Forecast Discussion

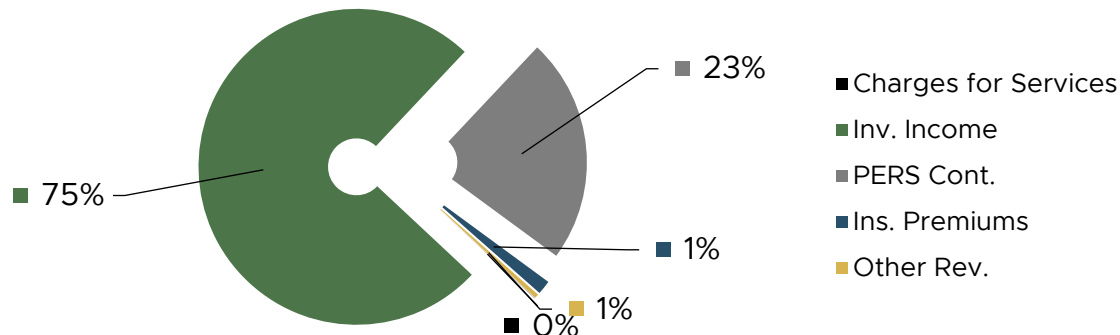
PERS provides administrative support to a number of programs and related retirement activities. Every program account and activity has dedicated revenue sources authorized by statute. Revenue streams for several of the programs and activities are combined for revenue projection purposes because the revenue 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 2019-21 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	\$7,228,270,634
PERS Contributions	\$2,220,514,256
Insurance Premiums	\$137,827,233
Other Revenue	\$41,899,543
Total Fiscal 2018	\$9,630,620,274



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 2017 are based on the December 31, 2015 actuarial valuation. Advisory employer contribution rates effective July 2019 are based on the December 31, 2016 actuarial valuation. Final employer contribution rates effective July 2019 will be based on the December 31, 2017 actuarial valuation and will be adopted at the Board's meeting on October 5, 2018.

Employer rates, as a percent of PERS-covered salary, effective July 1, 2017 and 2019 (advisory) are:

PERS Chapter 238 Program	July 2017*	July 2019 *
State Agencies	17.40%	22.27%
State and Local Government Rate Pool	22.38%	27.19%
School Pool	25.93%	32.03%
Political Subdivisions (non-pooled)	20.64%	24.81%
Judiciary	18.05%	21.46%
OPSRP Chapter 238A Program		
General Service Pool (all employers)	9.29%	10.05%
Police and Fire Pool (all employers)	14.06%	14.78%

BUDGET NARRATIVE

*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 \$190 per month per participant (retirees receiving benefits in excess of IRS limits) and a one-time initial setup fee of \$750 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 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 2019-21 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 2019-21 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.

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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
2003	467.4	2,621.8	1,469.5	4,558.7
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	7074.2	9,298.3

* 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, 2017 and June 30, 2018.

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 \$477,870 Other Funds Limited is projected for the 2019-21 biennium.

Employers are invoiced a fee consisting of a \$750 initial set-up charge and a \$190 monthly ongoing administrative fee per participant to fund the administrative costs of the Benefit Equalization Fund (BEF). A total of \$443,634 Other Funds Limited is projected for the 2019-21 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 \$76,408 Other Funds Non-Limited in the 2019-21 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 2019-21 biennium.

PERS collects fees for various other services provided. PERS estimates a total of \$3,500 Other Funds Limited in the 2019-21 biennium based on historical trend analysis.

Projected revenue for the Deferred Compensation Program in the 2019-21 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 2019-21 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 2019-21 biennium.

PERS estimates a total of \$348,309,038 Other Funds Non-Limited in insurance premium revenue during the 2019-21 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	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Estimated	2019-21		
						Agency Request	Governor's Recommend ed	Legislatively Adopted
Limited Other Funds:								
Charges for Services	Limited Other	Charges for Services	3,084,294	4,175,500	3,874,500	4,175,500	4,175,500	4,175,500
Interest and Investment Earnings	Limited Other	Interest Income	40,925	29,150	29,150	29,150	29,150	29,150
Other	Limited Other	Other Revenues	16,433	50,000	50,000	50,000	50,000	50,000
Non-limited Other Funds:								
Charges for Services	Non-limited Other	Charges for Services	314,209,103	756,071,500	321,794,628	532,428,187	532,428,187	532,428,187
Interest and Investment Earnings	Non-limited Other	Interest Income	9,249,891,585	14,316,670,000	12,393,564,357	10,173,698,727	10,173,698,727	10,173,698,727
Donations and Contributions	Non-limited Other	Retirement System Contribution	3,375,078,985	4,785,800,000	3,742,943,806	4,577,453,266	4,577,453,266	4,577,453,266
Other	Non-limited Other	Other Revenues	90,609,380	0	0	98,289,441	98,289,441	98,289,441

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900

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

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Charges for Services	2,679,682	4,175,500	4,175,500	4,175,500	4,175,500	4,175,500
Interest Income	40,925	29,150	29,150	29,150	29,150	29,150
Other Revenues	35,901	50,000	50,000	50,000	50,000	50,000
Transfer In - Intrafund	55,727,831	104,683,048	107,693,223	122,893,444	122,893,444	159,734,452
Transfer from General Fund	-	-	-	-	-	100,000,000
Transfer Out - Intrafund	-	(235,932)	(235,932)	-	-	-
Total Other Funds	\$58,484,339	\$108,701,766	\$111,711,941	\$127,148,094	\$127,148,094	\$263,989,102
Nonlimited Other Funds						
Charges for Services	81,969	756,071,500	756,071,500	107,718	107,718	107,718
Interest Income	9,249,891,585	14,316,670,000	14,316,670,000	10,173,698,727	10,173,698,727	10,173,698,727
Retirement System Contribution	3,375,078,985	4,785,800,000	4,785,800,000	4,577,453,266	4,577,453,266	4,577,453,266
Insurance Premiums	314,129,481	-	-	532,320,468	532,320,468	532,320,468
Other Revenues	90,609,380	-	-	98,289,441	98,289,441	98,289,441
Transfer from General Fund	-	-	-	-	100,000,000	-
Transfer Out - Intrafund	(95,016,049)	(104,447,116)	(107,457,291)	(122,893,444)	(122,893,444)	(159,734,452)
Total Nonlimited Other Funds	\$12,934,775,351	\$19,754,094,384	\$19,751,084,209	\$15,258,976,176	\$15,358,976,176	\$15,222,135,168

2019-21 Biennium

Detail of LF, OF, and FF Revenues - BPR012

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900

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

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Nonlimited Other Funds						
Charges for Services	81,969	756,071,500	756,071,500	107,718	107,718	107,718
Interest Income	9,249,891,585	14,316,670,000	14,316,670,000	10,173,698,727	10,173,698,727	10,173,698,727
Retirement System Contribution	3,375,078,985	4,785,800,000	4,785,800,000	4,577,453,266	4,577,453,266	4,577,453,266
Insurance Premiums	314,129,481	-	-	532,320,468	532,320,468	532,320,468
Other Revenues	90,609,380	-	-	98,289,441	98,289,441	98,289,441
Transfer from General Fund	-	-	-	-	100,000,000	-
Transfer Out - Intrafund	(95,016,049)	(104,447,116)	(107,457,291)	(122,893,444)	(122,893,444)	(159,734,452)
Total Nonlimited Other Funds	\$12,934,775,351	\$19,754,094,384	\$19,751,084,209	\$15,258,976,176	\$15,358,976,176	\$15,222,135,168

2019-21 Biennium

Detail of LF, OF, and FF Revenues - BPR012

____ Agency Request ____ Governor's X Legislatively Adopted
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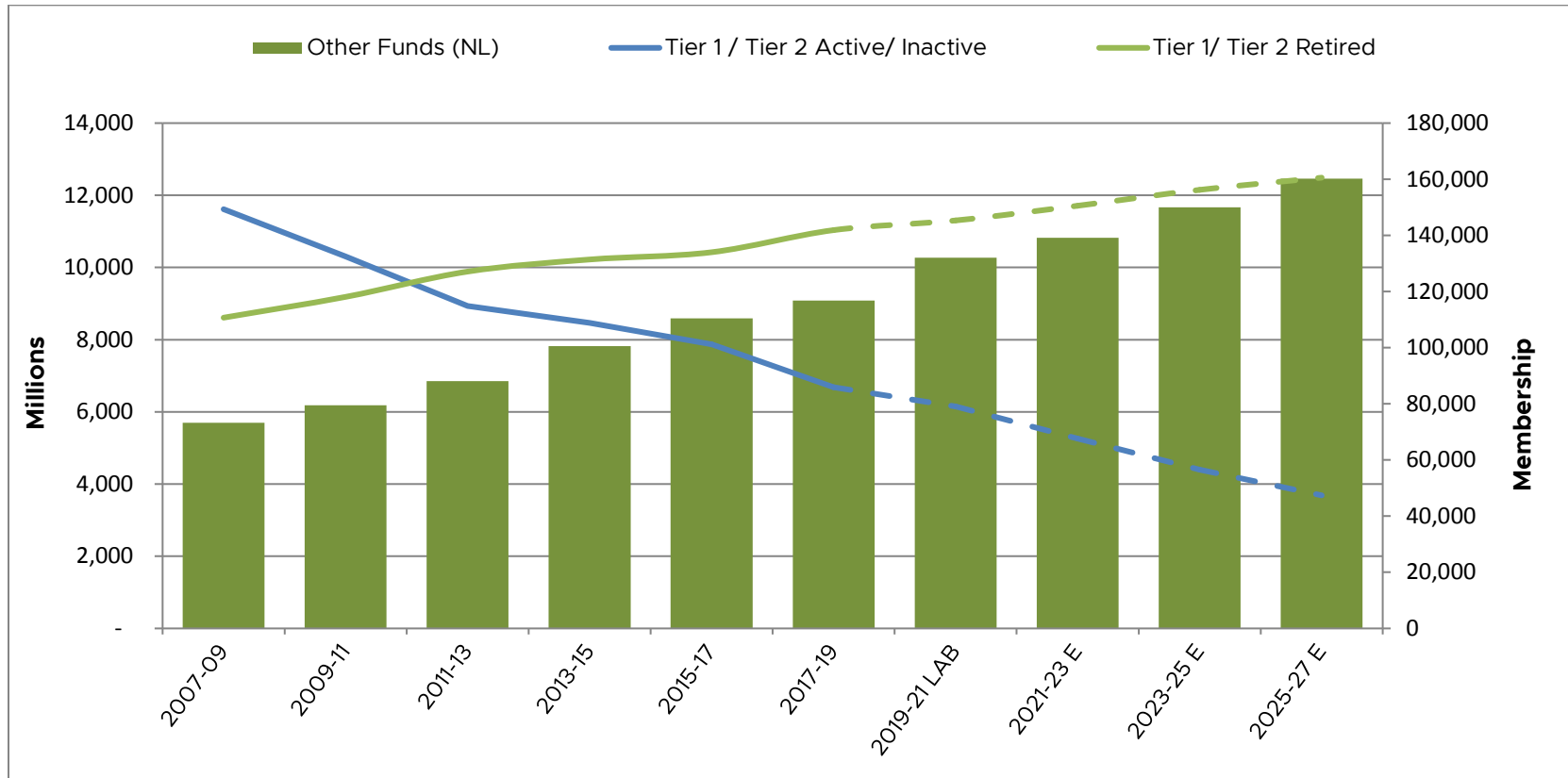
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BUDGET NARRATIVE

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 \$10,261,052,242 Non-Limited Other Funds expenditure authority in 2019-21 for the anticipated Tier One and Tier Two Program benefit payments. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2027 are:

2019-21	\$10,261,052,242
2021-23	\$10,973,481,633
2023-25	\$11,848,068,960
2025-27	\$12,678,876,356

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 84,200 active and inactive (non-retired) members and approximately 140,000 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, 2018, more than 42,000 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, 2016, is a UAL of \$25.3 billion (excluding pre-paid employer contributions deposited in side accounts).

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 2018 Economic Impact Study of PERS shows that in 2017, the \$3.92 billion in annual benefit payments to Oregonians multiplied to \$4.22 billion in economic value when the financial impact of dollars spent in local communities is considered. The benefit payments sustain an estimated 35,449 Oregon jobs, and add approximately \$1.27 billion in wages. Additionally, Oregon collected an estimated \$215.7 million in income taxes on PERS retiree benefits in 2017.

BUDGET NARRATIVE

Program Performance

Fiscal Year	Total Active/Inactive Members	Total Retired Members	Tier One/Tier Two Program Expenditures (Non-Limited)	Fund Balance
2010	142,071	113,349	\$2,962,604,243	\$47,176,129,891
2011	132,453	118,105	\$3,252,686,903	\$54,998,715,819
2012	125,502	121,455	\$3,350,039,210	\$53,280,748,108
2013	114,901	127,114	\$3,596,111,863	\$57,109,256,494
2014	108,800	131,417	\$3,880,707,568	\$63,514,372,500
2015	101,209	134,004	\$3,962,463,219	\$62,667,482,743
2016	96,988	135,775	\$4,225,647,489	\$59,392,911,613
2017	85,912	141,884	\$4,378,458,313	\$62,854,403,351
2018	84,202	145,863	\$4,659,041,439	\$64,748,783,613

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 past seven 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 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.

BUDGET NARRATIVE

Significant Proposed Program Changes from 2017-19

Requested Non-Limited Other Funds represent an increase of \$1,178,052,242 above the 2017-19 budget of \$9,083,000,000 and reflect the Agency's 2019-21 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 2017-19 biennium.

Tier One & Tier Two Non-limited Other Funds	2015-17 Actual Expenditures	2017-19 Legislatively Approved Budget	2017-19 Estimates	2019-21 Legislatively Adopted Budget
Professional Services – Attorney Fees	952,636			
Agency Program Related S and S – Write off of Uncollectable Receivables	1,554,560			
Distribution to Individuals	8,588,099,591	9,083,000,000	9,448,141,046	10,272,591,713
Total Expenditures	8,590,606,787	9,083,000,000	9,448,141,046	10,272,591,713

BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2015-17 Actuals	2017-19 Legislatively Adopted	2017-19 Estimated Revenue	2019-21		
						Agency Request	Governor's Recommend ed	Legislatively Adopted
Non-limited Other Funds:								
Charges for Services	Non-limited Other	Charges for Services	7,527	12,500	10,000	7,676	7,676	7,676
Refunding Bonds	Non-limited Other	Refunding Bonds	0					
Interest and Investment Earnings	Non-limited Other	Interest Income	7,778,422,393	12,500,000,000	10,771,430,485	8,312,462,190	8,312,462,190	8,312,462,190
Donations and Contributions	Non-limited Other	Retirement System Contribution	1,198,673,042	2,300,000,000	1,283,420,679	1,242,260,546	1,242,260,546	1,242,260,546
Other	Non-limited Other	Other Revenues	42,699,389	0	0	0	0	0

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____ Agency Request ____ Governor's X Legislatively Adopted

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BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon
2019-21 Biennium

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

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Nonlimited Other Funds						
Charges for Services	7,527	12,500	12,500	7,676	7,676	7,676
Interest Income	7,778,422,393	12,500,000,000	12,500,000,000	8,312,462,190	8,312,462,190	8,312,462,190
Retirement System Contribution	1,198,673,042	2,300,000,000	2,300,000,000	1,242,260,546	1,242,260,546	1,242,260,546
Other Revenues	42,699,389	-	-	-	-	-
Transfer from General Fund	-	-	-	-	100,000,000	-
Transfer Out - Intrafund	(67,796,468)	(73,984,636)	(75,770,122)	(72,843,402)	(72,843,402)	(115,303,827)
Total Nonlimited Other Funds	\$8,952,005,883	\$14,726,027,864	\$14,724,242,378	\$9,481,887,010	\$9,581,887,010	\$9,439,426,585

2019-21 Biennium

Detail of LF, OF, and FF Revenues - BPR012

____ Agency Request ____ Governor's X Legislatively Adopted
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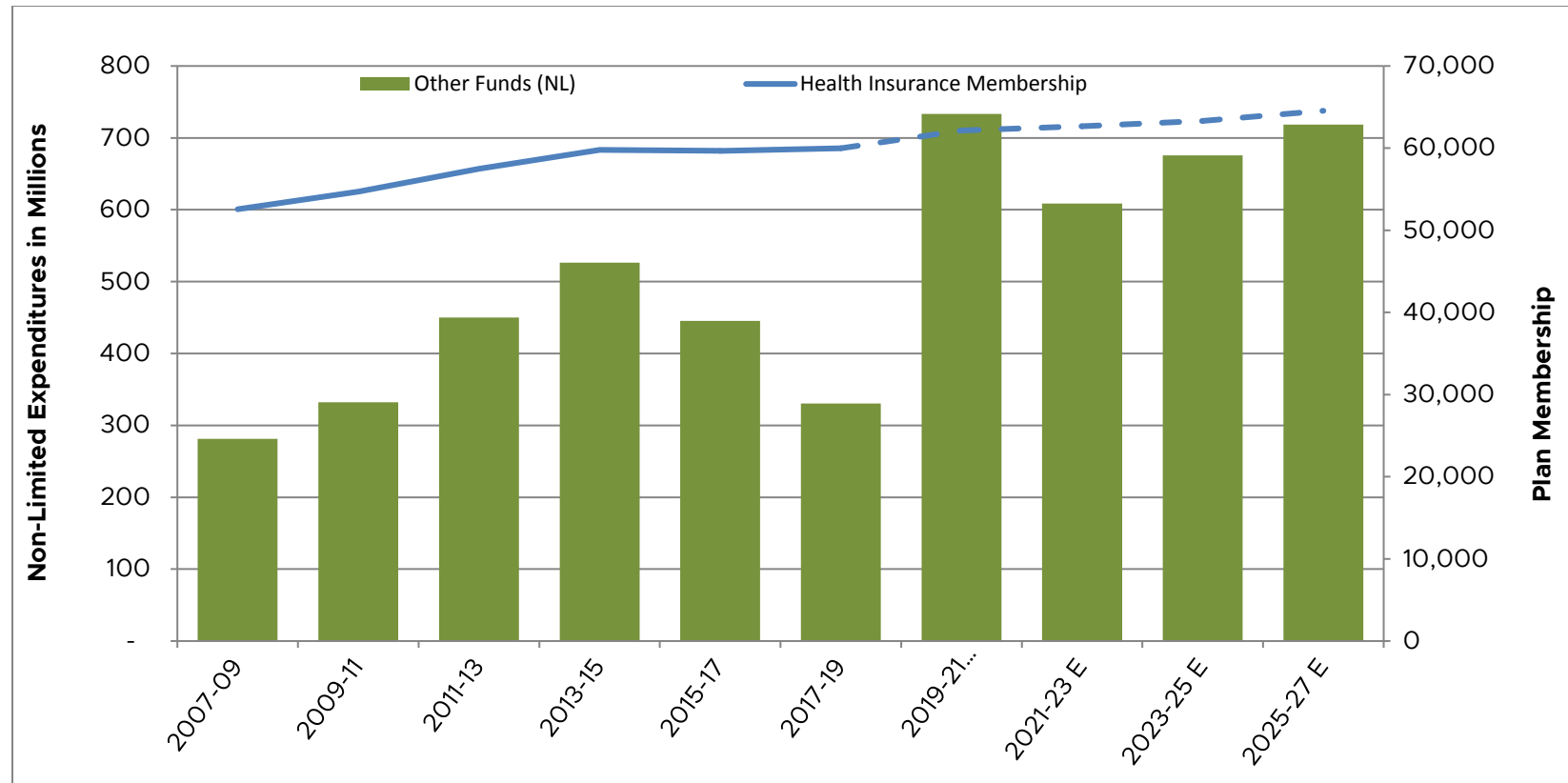
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BUDGET NARRATIVE

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 \$733,481,352 Non-Limited Other Funds expenditure authority in 2019-21 for the anticipated Health Insurance Program expenditures. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2027 are:

2019-21	\$733,481,352
2021-23	\$627,674,276
2023-25	\$694,830,497
2025-27	\$741,454,200

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 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.

BUDGET NARRATIVE

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 2017 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)
2010	53,256	39,917	911	\$158,425,042	\$214,498,622
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

PHIP is a voluntary insurance plan where an eligible member pays their own premiums (less the small subsidies from RHIA and RHIP 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
 - RHIP – Retiree Health Insurance Premium Account authorized under ORS 238.415
 - RHIA – Retirement Health Insurance Account authorized under ORS 238.420
- Oregon Administrative Rules Chapter 459

BUDGET NARRATIVE

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 \$450 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 2017-19

Requested Non-Limited Other Funds represent a decrease of \$81,789,648 from the 2017-19 budget of \$815,271,000 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 year ended 2018 actuals and doubling that number.

Retirement Health Insurance Programs Non-limited Other Funds	2015-17 Actual Expenditures	2017-19 Legislatively Approved Budget	2017-19 Estimates	2019-21 Legislatively Adopted Budget
Professional Services – Health Insurance Administration	43,165,589	89,171,000	31,901,428	89,171,000
Distribution to Non-Gov Units Premium Payments	402,159,230	726,000,000	336,919,658	644,310,352
Total Expenditures	445,324,819	815,271,000	368,821,086	733,481,352

BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2015-17 Actuals	2017-19 Legislatively Adopted	2017-19 Estimated Revenue	2019-21		
						Agency Request	Governor's Recommended	Legislatively Adopted
Non-limited Other Funds: Charges for Services	Non-limited Other	Charges for Services	314,129,481	756,000,000	255,244,858	532,320,468	532,320,468	532,320,468
Interest and Investment Earnings	Non-limited Other	Interest Income	66,318,796	66,496,968	18,516,274	88,801,949	88,801,949	88,801,949
Donations and Contributions	Non-limited Other	Retirement System Contribution	109,372,242	116,039,616	124,471,680	135,897,458	135,897,458	135,897,458
Other	Non-limited Other	Other Revenues	(72,797)		106,293,074	98,289,441	98,289,441	98,289,441

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BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900

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

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Nonlimited Other Funds						
Charges for Services	-	756,000,000	756,000,000	-	-	-
Interest Income	61,254,888	71,670,000	71,670,000	88,801,949	88,801,949	88,801,949
Retirement System Contribution	118,631,383	141,800,000	141,800,000	135,897,458	135,897,458	135,897,458
Insurance Premiums	314,129,481	-	-	532,320,468	532,320,468	532,320,468
Other Revenues	46,700,846	-	-	98,289,441	98,289,441	98,289,441
Transfer Out - Intrafund	(2,591,088)	(1,965,288)	(2,033,468)	(2,835,332)	(2,835,332)	(2,501,030)
Total Nonlimited Other Funds	\$538,125,510	\$967,504,712	\$967,436,532	\$852,473,984	\$852,473,984	\$852,808,286

2019-21 Biennium

Detail of LF, OF, and FF Revenues - BPR012

____ Agency Request ____ Governor's X Legislatively Adopted
2019-21

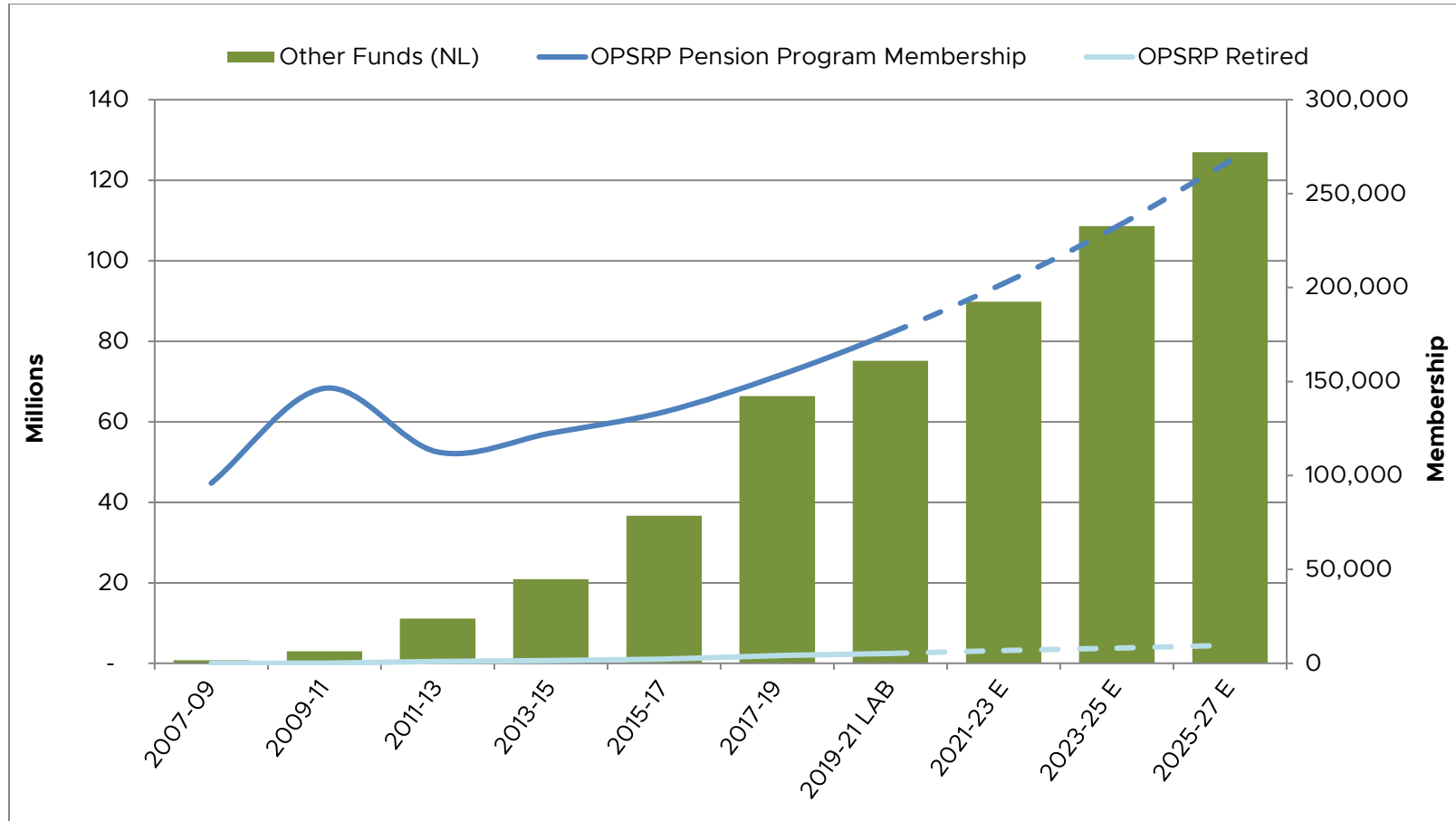
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BUDGET NARRATIVE

Oregon Public Service Retirement Pension Program Executive Summary

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



**The decline in membership totals in the 2011-13 biennium was due to a correction in reporting. Loss of Membership accounts had not been taken into consideration until 2009 with a system enhancement. These accounts were removed and the membership count adjusted.

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 \$75,188,960 Non-Limited Other Funds expenditure authority in 2019-21 for anticipated OPSRP benefit payments. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2027 are:

2019-21	\$75,188,960
2021-23	\$85,758,026
2023-25	\$103,597,946
2025-27	\$121,131,465

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 155,000 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.

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.

Agency Request Governor's ☒ Legislatively Adopted

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BUDGET NARRATIVE

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

Fiscal Year	Total OPSRP Pension Members	Total Retired OPSRP Pension Members	Total OPSRP Program Expenditures	Fund Balance (in billions)
2010	152,503	30	\$7,169,305	\$508,884,696
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

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.

BUDGET NARRATIVE

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 2017-19

Requested Non-Limited Other Funds represent an increase of \$36,188,960 over the 2017-19 budget of \$39,000,000 and reflect the Agency's 2019-21 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, 2018, there were approximately 155,000 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 2017-19 expenditure estimates column was calculated using unaudited fiscal year end 2018 actuals and doubling that number.

Oregon Public Service Retirement Pension Non-limited Other Funds	2015-17 Actual Expenditures	2017-19 Legislatively Approved Budget	2017-19 Estimated Expenditures	2019-21 Legislatively Adopted Budget
Agency Program Related S and S – Write off of Uncollectable Receivables	0			
Distribution to Individuals	36,637,883	39,000,000	57,736,634	75,188,960
Total Expenditures	36,637,883	39,000,000	57,736,634	75,188,960

BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2015-2017 Actual	2017-19 Legislatively Adopted	2017-19 Estimated Revenue**	2019-21		
						Agency Request	Governor's Recommended	Legislatively Adopted
Non-limited Other Funds:								
Charges for Services – Alt Payee Admin Fee	Non-limited Other	Charges for Services	3,612	0	0	7,535	7,535	7,535
Interest and Investment Earnings	Non-limited Other	Interest Income	402,830,002	604,000,000	618,956,174	643,611,470	643,611,470	643,611,470
Donations and Contributions	Non-limited Other	Retirement System Contribution	878,540,913	1,205,000,000	1,355,378,816	1,810,593,441	1,810,593,441	1,810,593,441
Other	Non-limited Other	Other Revenues	0	0	0	0	0	0

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** All 2017-19 estimated revenue amounts were calculated using unaudited 2018 fiscal year end transactions and then doubling the amount to arrive at the estimate for the biennium.

____ Agency Request ____ Governor's X Legislatively Adopted

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BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900

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

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Nonlimited Other Funds						
Charges for Services	3,612	-	-	7,535	7,535	7,535
Interest Income	402,830,002	604,000,000	604,000,000	643,611,470	643,611,470	643,611,470
Retirement System Contribution	878,540,913	1,205,000,000	1,205,000,000	1,810,593,441	1,810,593,441	1,810,593,441
Transfer Out - Intrafund	(11,666,776)	(12,667,939)	(13,165,521)	(20,316,842)	(20,316,842)	(18,048,878)
Total Nonlimited Other Funds	\$1,269,707,751	\$1,796,332,061	\$1,795,834,479	\$2,433,895,604	\$2,433,895,604	\$2,436,163,568

2019-21 Biennium

Detail of LF, OF, and FF Revenues - BPR012

____ Agency Request ____ Governor's X Legislatively Adopted
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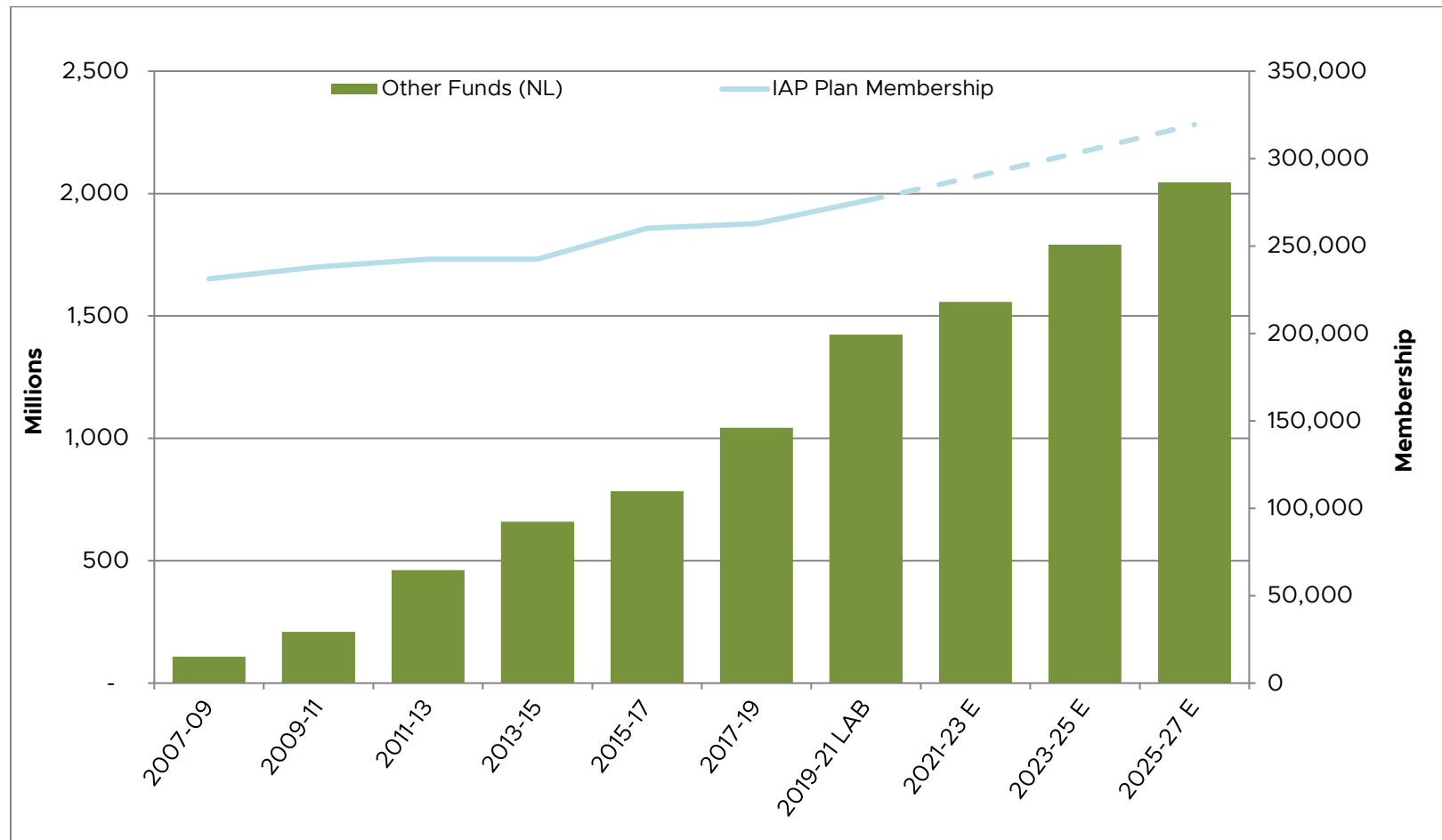
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BUDGET NARRATIVE

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 \$1,423,365,167 Non-Limited Other Funds expenditure authority in 2019-21 for anticipated IAP benefit payments. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2027 are:

2019-21	\$1,423,365,167
2021-23	\$1,616,049,737
2023-25	\$1,863,914,941
2025-27	\$2,130,095,377

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

Fiscal Year	Total IAP Membership	Total Retired IAP Members	Total IAP Expenditures	Total IAP Fund Balance (Billions)
2010	236,265	N/A	\$80,475,898	\$2,928,206,732
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

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 2017-19

Requested Non-Limited Other Funds represent an increase of \$366,465,167 above the 2017-19 budget of \$1,056,900,000 and reflects the Agency's 2019-21 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.

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 2017-19 expenditure estimates column below was calculated using unaudited fiscal year end 2018 actuals and doubling that number. 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	2015-17 Actual Expenditures	2017-19 Legislatively Approved Budget	2017-19 Estimated Expenditures	2019-21 Legislatively Adopted Budget
Agency Program Related S and S – 3 rd Party Administration	4,837,780	4,900,000	4,599,274	5,816,860
Distribution to Individuals	778,852,503	1,052,000,000	1,081,942,248	1,417,548,307
Total Expenditures	783,690,283	1,056,900,000	1,056,900,000	1,423,365,167

BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Estimated Revenue*	2019-21		
						Agency Request	Governor's Recommended	Legislatively Adopted
Non-limited Other Funds:								
Charges for Services	Non-limited Other	Charges for Services	70,830	59,000	80,730	92,507	92,507	92,507
Interest and Investment Earnings	Non-limited Other	Interest Income	1,007,384,30 2	1,141,000,000	1,154,144,224	1,128,823,118	1,128,823,118	1,128,823,118
Donations and Contributions	Non-limited Other	Retirement System Contribution	1,179,233,647	1,139,000,00 0	1,262,563,864	1,388,701,821	1,388,701,821	1,388,701,821
Other	Non-limited Other	Other Revenues	1,209,145	0	0	0	0	0

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* All 2017-19 estimated revenue amounts were calculated using unaudited 2018 fiscal year end transactions and then doubling the amount 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
2019-21 Biennium

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

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Nonlimited Other Funds						
Charges for Services	70,830	59,000	59,000	92,507	92,507	92,507
Interest Income	1,007,384,302	1,141,000,000	1,141,000,000	1,128,823,118	1,128,823,118	1,128,823,118
Retirement System Contribution	1,179,233,647	1,139,000,000	1,139,000,000	1,388,701,821	1,388,701,821	1,388,701,821
Other Revenues	1,209,145	-	-	-	-	-
Transfer Out - Intrafund	(12,961,717)	(15,829,253)	(16,488,180)	(26,897,868)	(26,897,868)	(23,880,717)
Total Nonlimited Other Funds	\$2,174,936,207	\$2,264,229,747	\$2,263,570,820	\$2,490,719,578	\$2,490,719,578	\$2,493,736,729

2019-21 Biennium

Detail of LF, OF, and FF Revenues - BPR012

____ Agency Request ____ Governor's ☒ Legislatively Adopted
2019-21

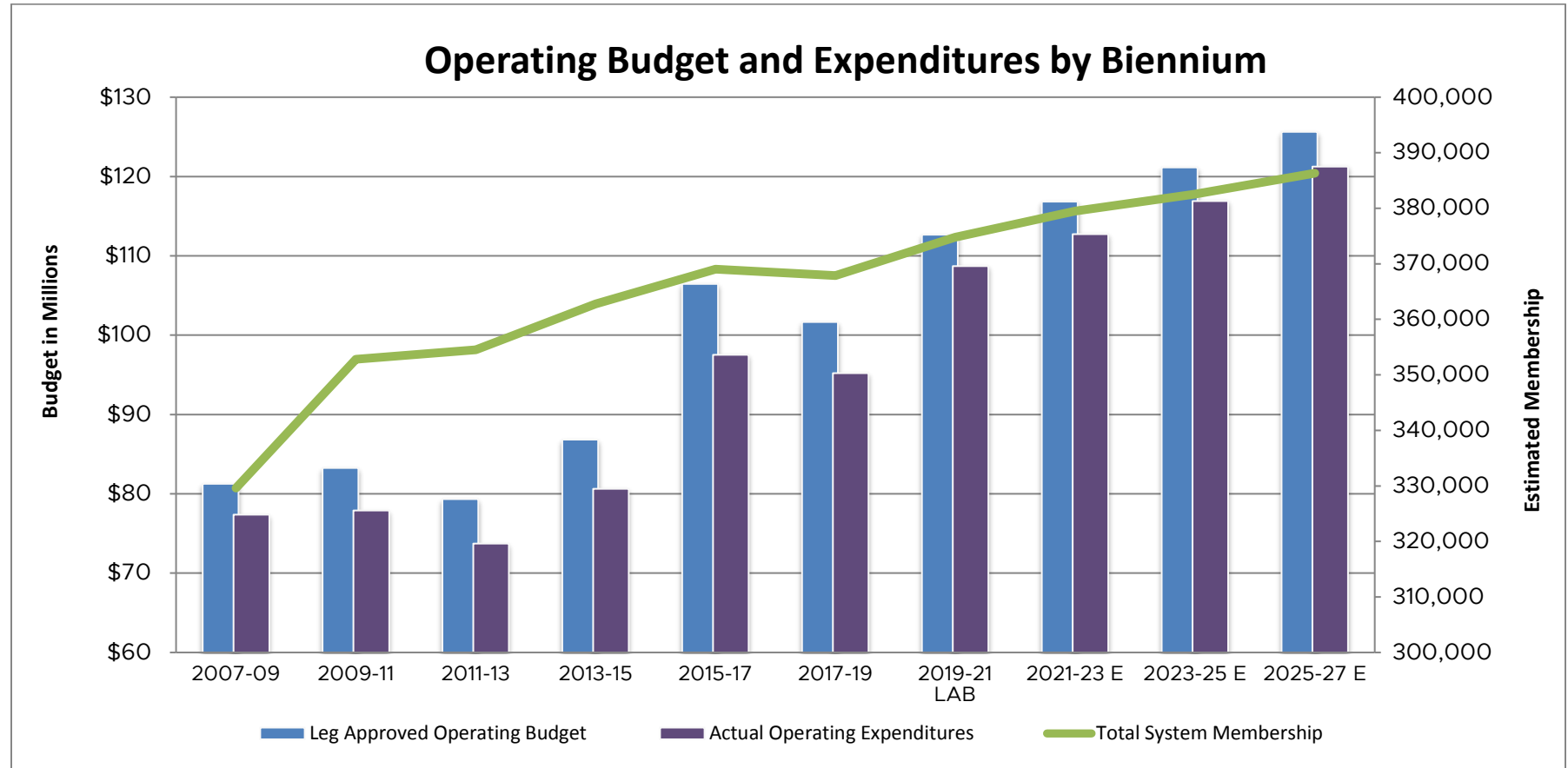
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BUDGET NARRATIVE

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 \$112,657,462 Limited Other Funds in 2019-21 for the Agency's operating budget.

Based on DAS / BAM-issued assumptions, the estimated Limited Other Funds needed for PERS' operating budget through 2027 are:

2019-21	\$112,657,462
2021-23	\$114,954,401
2023-25	\$119,207,714
2025-27	\$123,618,400

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 350,000 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.

The drive toward efficiency and service improvement has resulted in the budget limitation for this program area remaining stable from \$85 million and 401 FTE in 2005-07 to \$101.5 million with 372 FTE in 2017-19. 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

BUDGET NARRATIVE

(OPSRP Pension and IAP) and make several structural changes to the agency's programs as directed by the legislature while overall staffing has decreased. 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 declining staff.

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 2017-19 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 67,000 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 head-count 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 2019-21 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
2010	334,468	121	21%	91%
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%

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 2017-19

Requested Limited Other Funds reflect an increase of \$9,195,834 above the 2017-19 operating budget of \$101,657,012 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 and Administrative Services Division (FASD), Information Services Division (ISD), Operations Division (OD) and Compliance, Audit and Risk Division (CARD).

BUDGET NARRATIVE

Base Budget Adjustments

The 2019-21 Other Funds Limitation base budget was increased by \$1,541,425 Other funds due to administrative E-Board actions. 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	\$4,267,735	\$188,244	\$4,455,979	\$1,071,795	\$5,527,774
Financial and Administrative Services	\$23,322,671	\$6,201,497	\$29,524,168	\$3,763,871	\$33,288,039
Information Services	\$28,374,071	-\$4,171,930	\$24,202,141	\$1,878,042	\$26,080,183
Operations	\$39,812,090	\$473,840	\$40,285,930	\$(988,629)	\$39,297,301
Compliance, Audit & Risk	\$7,223,037	\$221,015	\$7,444,052	\$1,020,113	\$8,464,165
Totals	\$102,999,604	\$2,912,666	\$105,912,270	\$6,745,192	\$112,657,462

BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Estimated Revenue*	2019-21		
						Agency Request	Governor's Recommended	Legislatively Adopted
Operations Other Funds:								
Charges for Services – Admin Fees	Limited Other Funds	Charges for Services	3,100,247	4,175,000	4,178,758	4,175,500	4,175,500	4,175,500
Interest Earnings	Limited Other Funds	Interest Income	40,925	29,150	81,382	29,150	29,150	29,150
Other	Limited Other Funds	Other Revenues	35,901	50,000	388,156	50,000	50,000	50,000

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* All 2017-19 estimated revenue amounts were calculated using unaudited 2018 fiscal year end transactions and then doubling the amount 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
2019-21 Biennium

Agency Number: 45900

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

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Charges for Services	2,679,682	4,175,500	4,175,500	4,175,500	4,175,500	4,175,500
Interest Income	40,925	29,150	29,150	29,150	29,150	29,150
Other Revenues	35,901	50,000	50,000	50,000	50,000	50,000
Transfer In - Intrafund	55,727,831	104,683,048	107,693,223	122,893,444	122,893,444	120,674,738
Transfer Out - Intrafund	-	(235,932)	(235,932)	-	-	-
Total Other Funds	\$58,484,339	\$108,701,766	\$111,711,941	\$127,148,094	\$127,148,094	\$124,929,388

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Detail of LF, OF, and FF Revenues - BPR012

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Package 010 Non-PICS Personal Services/Vacancy Factor

Package Description

This package contains a total increase of \$1,399,298 Other Funds. The increase is due primarily to the net increase of \$1,261,459 for vacancy savings. This package includes standard inflation of 3.8 percent on non-PICS personal service expenses such as temporary employees, overtime, shift and other differentials, and unemployment compensation; this accounts for \$40,611 including other payroll expenses. There is an increase of \$568 for mass transit taxes applying the 2019-21 rate of .006%. PERS portion of the pension bond contribution increased by \$88,206 for the 2019-21 biennium. The following table shows the increases in limitation by division.

SCR	Division Title	Amount
500-01	Central Administration	75,931
500-03	Financial and Administrative Services	228,698
500-04	Information Services Division	296,782
500-08	Operations Division	711,437
500-09	Compliance, Audit and Risk Division	86,450
	Total	\$1,399,298

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
Personal Services							
Temporary Appointments	-	-	6,701	-	-	-	6,701
Overtime Payments	-	-	22,954	-	-	-	22,954
Shift Differential	-	-	87	-	-	-	87
All Other Differential	-	-	9,222	-	-	-	9,222
Public Employees' Retire Cont	-	-	5,474	-	-	-	5,474
Pension Obligation Bond	-	-	88,206	-	-	-	88,206
Social Security Taxes	-	-	2,980	-	-	-	2,980
Unemployment Assessments	-	-	1,647	-	-	-	1,647
Mass Transit Tax	-	-	568	-	-	-	568
Vacancy Savings	-	-	1,261,459	-	-	-	1,261,459
Total Personal Services	-	-	\$1,399,298	-	-	-	\$1,399,298
Total Expenditures							
Total Expenditures	-	-	1,399,298	-	-	-	1,399,298
Total Expenditures	-	-	\$1,399,298	-	-	-	\$1,399,298
Ending Balance							
Ending Balance	-	-	(1,399,298)	-	-	-	(1,399,298)
Total Ending Balance	-	-	(\$1,399,298)	-	-	-	(\$1,399,298)

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Essential and Policy Package Fiscal Impact Summary - BPR013

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BUDGET NARRATIVE

Package 022 Phase-out Program and One-time Costs

Package Description

Total reductions of (\$5,408,954) include scheduled one-time costs and phase-outs for projects approved during the last legislative session. The detail of the total reduction is as follows:

Package by SCR	Total Phase-Out	Central Admin 500-01	Financial and Admin Services 500-03	Information Services 500-04	Operations 500-08	CARD 500-09
Pkg. 021 Strunk and Eugene Collections	(379,805)		(379,805)			
Pkg. 101 Information Security	(1,616,185)			(1,616,185)		
Pkg. 102 IAP Phase 3	(1,109,330)			(1,109,330)		
Pkg. 803 Business Continuity	(250,000)					(250,000)
Pkg. 804 Disaster Recovery	(500,000)			(500,000)		
Pkg. 805 Warm Site	(1,147,634)			(1,147,634)		
Pkg. 4002 February Session Adjustments	(406,000)			(406,000)		
Total one-time costs and phase-outs	(5,408,954)	0	(379,805)	(4,779,149)	0	(250,000)

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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
Revenues							
Transfer In - Intrafund	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Personal Services							
Mass Transit Tax	-	-	(2,745)	-	-	-	(2,745)
Total Personal Services	-	-	(\$2,745)	-	-	-	(\$2,745)
Services & Supplies							
Employee Training	-	-	(10,775)	-	-	-	(10,775)
Office Expenses	-	-	(45,000)	-	-	-	(45,000)
Data Processing	-	-	(794,950)	-	-	-	(794,950)
Professional Services	-	-	(250,000)	-	-	-	(250,000)
IT Professional Services	-	-	(3,243,984)	-	-	-	(3,243,984)
Other Services and Supplies	-	-	(360,000)	-	-	-	(360,000)
Expendable Prop 250 - 5000	-	-	(5,000)	-	-	-	(5,000)
IT Expendable Property	-	-	(20,000)	-	-	-	(20,000)
Total Services & Supplies	-	-	(\$4,729,709)	-	-	-	(\$4,729,709)
Capital Outlay							
Data Processing Software	-	-	(300,000)	-	-	-	(300,000)
Data Processing Hardware	-	-	(376,500)	-	-	-	(376,500)
Total Capital Outlay	-	-	(\$676,500)	-	-	-	(\$676,500)

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Essential and Policy Package Fiscal Impact Summary - BPR013

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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
Total Expenditures							
Total Expenditures	-	-	(5,408,954)	-	-	-	(5,408,954)
Total Expenditures	-	-	(\$5,408,954)	-	-	-	(\$5,408,954)
Ending Balance							
Ending Balance	-	-	5,408,954	-	-	-	5,408,954
Total Ending Balance	-	-	\$5,408,954	-	-	-	\$5,408,954

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Essential and Policy Package Fiscal Impact Summary - BPR013

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Package 031 Standard Inflation

Package Description

The total cost of goods and services increases by \$6,922,322 Other Funds. The Department of Administrative Services (DAS) Price List of Goods and Services and the biennial standard inflation factor of 3.8 percent are the basis for calculating cost increases in services, supplies, and capital outlay. State Government Service Charges were increased by \$6,161,014 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 that resulted in an assessment of \$7.1M during that period. A new pricing methodology was introduced for the 17-19 biennium, and continues in the 19-21 biennium under the Office of the State Chief Information Office (OSCIO), which has increased the assessment to \$5,402,153 for the Chief Information Office; an increase of \$4,999,334 over the 17-19 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 \$1,200,000 for both services and this amount is budgeted in State Government Service Charges in 2019-21. 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	24,313
500-03	Financial and Administrative Services	6,052,604
500-04	Information Services Division	310,437
500-08	Operations Division	70,403
500-09	Compliance, Audit and Risk Division	464,565
	Total	\$6,922,322

BUDGET NARRATIVE

State Government Service Charges

The total increase of \$6,161,014 in State Government Service Charges, as reflected in the Legislatively Adopted Budget are detailed below:

Narrative Breakdown of State Government Service Charges:								
		2017-19 LAB		2019-21 ARB	Pkg. 031 Difference	2019-21 GB Adjust	2019-21 LAB	LAB v GB Difference
DAS	Chief Operating Office (COO)							
	Chief Operating Office	63,616		70,805	7,189	(758)	70,047	
	Bill Tracker (Director's Office)	879		-	(879)	-	-	
	Total	64,495	-	70,805	6,310	(758)	70,047	5,552
DAS	Chief Financial Office (CFO)							
	Chief Financial Office	1,160,239		1,394,171	233,932	(176,167)	1,218,004	
	Capitol Planning Comm	1,339		1,284	(55)	-	1,284	
	Total	1,161,578	-	1,395,455	233,877	(176,167)	1,219,288	57,710
DAS	Office of the State Chief Information Office (OSCIO)							
	OSCIO	402,819		5,402,153	4,999,334	620,434	6,022,587	
	ETS State Data Center	190,142		373,931	183,789	(17,773)	356,158	
	Cybersecurity	98,317		-	(98,317)	-	-	
	Total	691,278	-	5,776,084	5,084,806	602,661	6,378,745	5,687,467

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DAS	Chief Human Resource Office (CHRO)						
	Chief Human Resource Office	164,271	294,009	129,738	5,103	299,112	
	Chief Human Resource Office - HRIS	166,122	-	(166,122)	-	-	
	Total	330,393	-	294,009	(36,384)	5,103	299,112 (31,281)
DAS	Enterprise Asset Management (EAM)						
	Real Estate Services	84,251	105,385	21,134	-	105,385	
	Surplus Personal Property Transactions	4,795	5,893	1,098	-	5,893	
	Surplus Property Base	2,469	2,753	284	-	2,753	
	Total	91,515	-	114,031	22,516	-	114,031 22,516
DAS	Enterprise Goods & Services (EGS)						
	ePayroll	-	268,730	268,730	(133,531)	135,199	
	eProcurement OregonBuys	-	99,176	99,176	(3,215)	95,961	
	2017-19 LAB		2019-21 ARB	Pkg. 031 Difference	2019-21 GB Adjust	2019-21 LAB	LAB v GB Difference
	Risk Management	308,674	-	(308,674)	-	-	
	Risk Mgmt - Liability (Auto & General)	-	107,631	107,631	(12,886)	94,745	
	Procurement Services	18,007	43,580	25,573	(601)	42,979	

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Risk Mgmt - Property (Auto & General)		-	43,020	43,020	(3,576)	39,444	
Risk Mgmt - Workers Compensation		-	71,939	71,939	(8,543)	63,396	
Total		326,681	634,076	307,395	(162,352)	471,724	145,043
Other Agency Charges Billed by DAS:							
Central Government Service Charge		390,283	402,360	12,077	-	402,360	12,077
Certification Office for Business Inclusion and Diversity (COBID)		19,027	20,278	1,251	-	20,278	1,251
Oregon Government Ethics Commission		7,643	7,854	211	-	7,854	211
Oregon State Library		63,412	63,438	26	-	63,438	26
Oregon Law Library		24,270	24,267	(3)	-	24,267	(3)
OPR	State Capitol State Park	-	12,018	12,018	(12,018)	-	-
OSP	Oregon State Police - Capitol Mall Security Services	11,389	13,260	1,871	-	13,260	1,871
OST	Office of the State Treasurer - Article XI-Q Bonds	472	-	(472)	-	-	(472)
SOS	Secretary of State - Archives & Records Management	60,228	63,562	3,334	-	63,562	3,334
SOS	Secretary of State - Administrative Rules	9,119	8,300	(819)	-	8,300	(819)
SOS	Secretary of State - Archives Compact Shelving	4,745	6,818	2,073	-	6,818	2,073
SOS	Secretary of State - Archives Security Copy Depository	7,708	8,166	458	-	8,166	458

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		2017-19 LAB	2019-21 ARB	Pkg. 031 Difference	2019-21 GB Adjust	2019-21 LAB	LAB v GB Difference
SOS	Secretary of State - Audits Division	946,000	1,200,000	254,000	-	1,200,000	254,000
Total		1,544,296	1,830,321	286,025	(12,018)	1,818,303	274,007
Total SGSC & Assessments per 2019-21 Price List		4,210,236	10,114,781	5,904,545	256,469	10,371,250	6,161,014
Other Charges/Assessments:							
DAS	Ombudsman Citizen Rep	70,000	72,660	2,660	-	72,660	
OST	Treasury Charges	343,514	343,514	-	-	343,514	
OST	OSGP - State Street Custodial Fees		124,560	124,560	-	124,560	
Total Other Charges/Assessments		413,514	540,734	127,220	-	540,734	-
Grand Total State Government Service Charges & Assessments		4,623,750	10,655,515	6,031,765	256,469	10,911,984	6,161,014

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
Services & Supplies							
Instate Travel	-	-	8,114	-	-	-	8,114
Out of State Travel	-	-	253	-	-	-	253
Employee Training	-	-	23,026	-	-	-	23,026
Office Expenses	-	-	65,383	-	-	-	65,383
Telecommunications	-	-	21,052	-	-	-	21,052
State Gov. Service Charges	-	-	6,031,765	-	-	-	6,031,765
Data Processing	-	-	110,089	-	-	-	110,089
Publicity and Publications	-	-	9,241	-	-	-	9,241
Professional Services	-	-	124,264	-	-	-	124,264
IT Professional Services	-	-	85,129	-	-	-	85,129
Attorney General	-	-	225,552	-	-	-	225,552
Dispute Resolution Services	-	-	11,313	-	-	-	11,313
Employee Recruitment and Develop	-	-	2,205	-	-	-	2,205
Dues and Subscriptions	-	-	40,704	-	-	-	40,704
Facilities Rental and Taxes	-	-	36,657	-	-	-	36,657
Fuels and Utilities	-	-	11,329	-	-	-	11,329
Facilities Maintenance	-	-	49,108	-	-	-	49,108
Other COP Costs	-	-	106	-	-	-	106
Other Services and Supplies	-	-	17,402	-	-	-	17,402
Expendable Prop 250 - 5000	-	-	4,235	-	-	-	4,235
IT Expendable Property	-	-	21,916	-	-	-	21,916
Total Services & Supplies	-	-	\$6,898,843	-	-	-	\$6,898,843
Capital Outlay							
Office Furniture and Fixtures	-	-	1,360	-	-	-	1,360

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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
Capital Outlay							
Telecommunications Equipment	-	-	2,764	-	-	-	2,764
Data Processing Software	-	-	3,389	-	-	-	3,389
Data Processing Hardware	-	-	15,966	-	-	-	15,966
Total Capital Outlay	-	-	\$23,479	-	-	-	\$23,479
Total Expenditures							
Total Expenditures	-	-	6,922,322	-	-	-	6,922,322
Total Expenditures	-	-	\$6,922,322	-	-	-	\$6,922,322
Ending Balance							
Ending Balance	-	-	(6,922,322)	-	-	-	(6,922,322)
Total Ending Balance	-	-	(\$6,922,322)	-	-	-	(\$6,922,322)

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Essential and Policy Package Fiscal Impact Summary - BPR013

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BUDGET NARRATIVE

Package 060 Technical Adjustments

Package Description

A one-time technical adjustment moves \$388,000 Other Funds in Operations from various Services and Supplies categories to other Services and Supplies categories with a net zero effect on the overall operating budget. The following table shows the adjustments by division.

SCR	Division Title	Amount
500-01	Central Administration	88,000
500-03	Financial and Administrative Services	300,000
500-08	Operations Division	-308,000
500-09	Compliance, Audit and Risk Division	-80,000
	Total	\$0

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

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	8,000	-	-	-	8,000
Employee Training	-	-	80,000	-	-	-	80,000
Office Expenses	-	-	(80,000)	-	-	-	(80,000)
Publicity and Publications	-	-	(8,000)	-	-	-	(8,000)
Total Services & Supplies	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

Package 081 September 2018 Emergency Board Adjustments

Package Description

This package transfers expenditure limitation of \$704,393 in Other Funds in the Operations Division to the Central Administration division. This package transfers four positions (4.00 FTE) in order to re-establish an agency Communications Section and consolidate staff into one workgroup. The move is self-balancing and has no budgetary impact.

This package increases Other Funds expenditure limitation by \$198,066 and authorizes the establishment of one permanent, full-time Accountant 4 position (1.00 FTE) to perform investment accounting for the Individual Account Program and specifically the crediting of Target Date Fund earnings to members accounts.

SCR	Division Title	FTE	Amount
500-01	Central Administration	4.00	704,393
500-03	Financial and Administrative Division	1.00	198,066
500-08	Operations Division	(4.00)	(704,393)
	Total	1.00	\$198,066

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 081 - September 2018 Emergency Board

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	130,608	-	-	-	130,608
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	22,164	-	-	-	22,164
Social Security Taxes	-	-	9,991	-	-	-	9,991
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Flexible Benefits	-	-	35,184	-	-	-	35,184
Reconciliation Adjustment	-	-	-	-	-	-	-
Total Personal Services	-	-	\$198,066	-	-	-	\$198,066
Total Expenditures							
Total Expenditures	-	-	198,066	-	-	-	198,066
Total Expenditures	-	-	\$198,066	-	-	-	\$198,066
Ending Balance							
Ending Balance	-	-	(198,066)	-	-	-	(198,066)
Total Ending Balance	-	-	(\$198,066)	-	-	-	(\$198,066)
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 081 - September 2018 Emergency Board

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
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

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Package 082 December 2018 Emergency Board Adjustments

Package Description

This package increases Other Funds expenditure limitation by \$442,191 and two positions (2.00 FTE), including one permanent full-time Information Systems Specialist 8 position to implement cybersecurity controls and a permanent full-time Operations and Policy Analyst 3 to serve as the agency's Continuity and Disaster Recovery Specialist and manage the agency's continuity management program. These positions assist in maintaining the security and reliability of the agency's core pension systems and ensuring that there is no interruption in member benefit payments.

This package increases Other Funds expenditure limitation of \$1,698,000 to pay for contracted services with a third-party administrator for the Oregon Savings Growth Plan. The package creates expenditure limitation for Oregon Savings Growth Plan expenditures for services including an account manager, communications consultants, and field representatives for OSGP in order to increase transparency and accountability for these expenses. Expenses related to investment management and payments to beneficiaries will remain non-budgeted, as authorized by statute.

SCR	Division Title	FTE	Amount
500-03	Financial and Administrative Services Division		1,698,000
500-09	Compliance, Audit and Risk Division	2.00	442,191
	Total	2.00 FTE	\$2,140,191

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 082 - December 2018 EBoard

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	297,432	-	-	-	297,432
Empl. Rel. Bd. Assessments	-	-	122	-	-	-	122
Public Employees' Retire Cont	-	-	50,474	-	-	-	50,474
Social Security Taxes	-	-	22,753	-	-	-	22,753
Worker's Comp. Assess. (WCD)	-	-	116	-	-	-	116
Mass Transit Tax	-	-	926	-	-	-	926
Flexible Benefits	-	-	70,368	-	-	-	70,368
Total Personal Services	-	-	\$442,191	-	-	-	\$442,191
Services & Supplies							
State Gov. Service Charges	-	-	-	-	-	-	-
Professional Services	-	-	1,698,000	-	-	-	1,698,000
Total Services & Supplies	-	-	\$1,698,000	-	-	-	\$1,698,000
Total Expenditures							
Total Expenditures	-	-	2,140,191	-	-	-	2,140,191
Total Expenditures	-	-	\$2,140,191	-	-	-	\$2,140,191
Ending Balance							
Ending Balance	-	-	(2,140,191)	-	-	-	(2,140,191)
Total Ending Balance	-	-	(\$2,140,191)	-	-	-	(\$2,140,191)

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BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 082 - December 2018 EBoard

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
Total Positions							
Total Positions							2
Total Positions	-	-	-	-	-	-	2
Total FTE							
Total FTE							2.00
Total FTE	-	-	-	-	-	-	2.00

2019-21 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
2019-21

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BUDGET NARRATIVE

Package 090 CFO Analyst Adjustments

Package Description

A one-time CFO adjustment removes \$644,528 in Other Funds limitation in the Operations Division and the Financial and Administrative Division from various Services and Supplies categories for unneeded limitation. The following table shows the adjustments by division.

SCR	Division Title	FTE	Amount
500-03	Financial and Administrative Services Division		(183,430)
500-08	Operations Division		(461,098)
	Total		(\$644,528)

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 090 - Analyst Adjustments

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	(200,610)	-	-	-	(200,610)
Shift Differential	-	-	-	-	-	-	-
Empl. Rel. Bd. Assessments	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	(34,044)	-	-	-	(34,044)
Social Security Taxes	-	-	(15,347)	-	-	-	(15,347)
Worker's Comp. Assess. (WCD)	-	-	-	-	-	-	-
Mass Transit Tax	-	-	1	-	-	-	1
Flexible Benefits	-	-	-	-	-	-	-
Total Personal Services	-	-	(\$250,000)	-	-	-	(\$250,000)
Services & Supplies							
Employee Training	-	-	(1,097)	-	-	-	(1,097)
Office Expenses	-	-	(5,001)	-	-	-	(5,001)
Professional Services	-	-	(200,000)	-	-	-	(200,000)
Facilities Rental and Taxes	-	-	(183,430)	-	-	-	(183,430)
Expendable Prop 250 - 5000	-	-	(1,000)	-	-	-	(1,000)
IT Expendable Property	-	-	(4,000)	-	-	-	(4,000)
Total Services & Supplies	-	-	(\$394,528)	-	-	-	(\$394,528)

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Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request Governor's ☒ Legislatively Adopted

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BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 090 - 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
Total Expenditures							
Total Expenditures	-	-	(644,528)	-	-	-	(644,528)
Total Expenditures	-	-	(\$644,528)	-	-	-	(\$644,528)
Ending Balance							
Ending Balance	-	-	644,528	-	-	-	644,528
Total Ending Balance	-	-	\$644,528	-	-	-	\$644,528
Total Positions							
Total Positions							-
Total Positions	-	-	-	-	-	-	-
Total FTE							
Total FTE							-
Total FTE	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

Package 102 Production Data Center Migration

Package Description

Purpose: PERS requests \$1,715,318 Other Funds limitation in the Information Services Division. PERS is positioning itself for technical readiness in an effort to migrate systems and architecture in line with current and future technologies. To align with technical readiness, and in support of the joint April 2016 OSCIO and LFO memo PERS proposes to migrate the agency data center to the State Data Center (SDC) in a co-location model, with some applications to be hosted by Enterprise Technical Services (ETS). In addition, the PERS data center will be downgraded to a main distribution frame (MDF), also known as a small server room, to house systems that must remain onsite, such as telephony and security. While the state has not yet outlined a cloud-based strategy, this is a bridge to prepare to move to the cloud when the state is ready.

The proposed timeline for this project is to start Architecture and Analysis by November 2017 and migrate to the SDC by September 30, 2019. This project is dependent on the SDC meeting the required power specifications for a co-location model to power PERS hardware by June 30, 2019.

- | | |
|-----------------------|---------------------|
| • Services & Supplies | \$ 183,318 |
| • Capital Outlay | <u>\$ 1,532,000</u> |
| • Package Total | \$ 1,715,318 |

Purpose and How Achieved:

In April 2016, a joint OSCIO/LFO memo directed PERS to work collaboratively with the Office of the State CIO (OSCIO) to conduct a comprehensive State Data Center (SDC) use analysis as a result of its prioritized security planning efforts. In addition, the PERS CIO communicated a strategic direction to migrate infrastructure services to ETS/SDC over time to allow for increased agency focus on mission-specific IT services, align with enterprise IT strategy, support technical readiness for ORION modernization and address LFO expectations.

Currently, the infrastructure and systems onsite at PERS headquarters are managed by a team of seven, two of whom are infrastructure administrators. All applications and services are hosted off the PERS infrastructure in the data center and hardware refreshes are performed cyclically - the longest cycle is five years and the shortest is one year. Managing hardware, refreshes, and the administration is time consuming. With few resources allocated to the administration, little time is allowed for agency-focused initiatives, less flexibility with support, and no time for innovation to support services and business requests of the agency.

PERS does not have experience migrating a data center, but ETS has assisted with the migration of other agencies to the SDC. The complexity of the PERS migration is considered moderate by choosing a co-location model, which means PERS will still manage the hardware while hosting some applications with ETS.

BUDGET NARRATIVE

Alternatives Considered:

Solution 1

Buying new equipment, placing it in the State Data Center (SDC) and migrating over-the-wire meets all of the selection criteria and solution requirements. It is the second highest cost solution, but yields moderate complexity and provides low business risk of system availability during migration. The move can happen any time of year.

Solution 2

This will require the purchase of networking equipment, but otherwise includes physically transporting PERS' existing data center equipment to the SDC. This yields the highest risk to the business as it will leave systems completely down for more than two days, subjects the equipment to physical damage, and will take more resources and professional services to assist with physically moving the gear. This solution is less expensive than Solutions 1 and 2, but greater than Solution 4. This meets all solution requirements, but only meets 75% of the selection criteria and presents the highest risk to the agency for system uptime and availability. Due to the risk, the move could only happen during non-peak months in order to avoid end of calendar year, fiscal year and end of month activities.

Solution 3

This is the most expensive solution, with cost estimates of over \$750,000 per year in perpetuity; not including premium service support. It would meet all requirements, but not align with the LFO directive to move into the SDC. Although cloud services are enticing, the state of Oregon has not established a cloud strategy or support for cloud data centers at this time. PERS is currently not considering cloud services as a viable solution and will revisit this option when the state of Oregon has established policies and standards around cloud services.

Solution 4

This option is the least costly of all solutions, but only meets 60% of solution requirements and only 75% of the selection criteria. Considering this is a no-move option where the data center stays within PERS HQ, and only some applications are migrated to an ETS-hosted managed services model, this will not meet the LFO directive and is not being considered as a viable solution.

Staffing Impact:

- None

2019-2021 Fiscal Impact:

- The anticipated impact to 2019-21 is estimated to be approximately \$1,532,000 for Services and Supplies and 183,318 in Capital Outlay.

BUDGET NARRATIVE

Quantifying Results:

- Tangible
 - Reduction in PERS energy bill due to equipment reduction and reduced HVAC needs
 - Reclaim office space where the agency Data Center resides
 - Reduction in infrastructure support resource allocation for SDC-hosted and ETS-managed services
- Intangible (benefits that CANNOT be assigned an accurate or quantifiable value)
 - Compliance with the joint April 2016 OSCIO/LFO directive to migrate the PERS data center to the SDC
 - Increase in agency focus on mission-specific IT services as ETS will manage infrastructure services for those items listed as being ETS managed at SDC
 - Alignment with enterprise IT strategy
 - Support technical readiness for ORION optimization
 - Maximize use of ETS capabilities and SDC resources
 - Established footprint in SDC hosting allows for easier setup for new services to be hosted in a SAAS model
- KPM #1, Timely Benefit Payments, milestones:
80% of benefit payments paid to member within 45 days by July 2017; 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 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2017-19 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: 102 - Data Center Migration

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
Services & Supplies							
Instate Travel	-	-	1,000	-	-	-	1,000
Employee Training	-	-	5,000	-	-	-	5,000
Telecommunications	-	-	177,318	-	-	-	177,318
Other Services and Supplies	-	-	-	-	-	-	-
Total Services & Supplies	-	-	\$183,318	-	-	-	\$183,318
Capital Outlay							
Data Processing Software	-	-	852,000	-	-	-	852,000
Data Processing Hardware	-	-	680,000	-	-	-	680,000
Total Capital Outlay	-	-	\$1,532,000	-	-	-	\$1,532,000
Total Expenditures							
Total Expenditures	-	-	1,715,318	-	-	-	1,715,318
Total Expenditures	-	-	\$1,715,318	-	-	-	\$1,715,318
Ending Balance							
Ending Balance	-	-	(1,715,318)	-	-	-	(1,715,318)
Total Ending Balance	-	-	(\$1,715,318)	-	-	-	(\$1,715,318)

2019-21 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

Package 103 Financial and Administrative Services Strategic Fulfillment

Purpose: PERS requests \$357,679 Other Funds limitation in the Financial and Administrative Services Division. The Financial and Administrative Services Division (FASD) is a diverse unit which is responsible for both core and sub-operating processes. All of the financial, budgetary, accounting, actuarial and tax sections are among the division programs as is procurement, human resources, facilities, health insurance and the OSGP sections. Over the last four years, there has been little FTE investment in these sections and yet, the program areas have accepted the burdens of increasing expectation. FASD is facing major challenges to its continued operations. As of June 30, 2017, 62% of our tenured staff is eligible for retirement and many have voiced their interest in exercising the opportunity to retire. Understanding the impending loss, we continue to struggle with developing sound strategies for succession planning while ensuring daily responsibilities are met. The latter has taken precedence.

- Personal Services \$170,962
- Services and Supplies: \$186,717

- Total Request \$357,679

Purpose and How Achieved:

FASD have 23 outstanding audit recommendations from a 2015 internal audit. Due to resource constraints, we continue to struggle in addressing these findings. We are at a critical juncture. Although we have been able to reprioritize demands and struggle daily to meet minimum operational requirements, legislation and pending legislation continues to tax our resources resulting in staff fatigue. Our actuarial and financial management teams are struggling to address the variety of questions coming into the agency from external stakeholders and often times, long hours, and six day weeks are the result.

Human resources, procurement, facilities, the Oregon Savings & Growth Plan and our PERS Health Insurance Programs are all struggling to meet the daily demands of service. In several of these program areas staff are overworked and there is little flexibility. In order to address fatigue and manage services, leadership in all of FASD are performing some of the daily duties; allowing staff more flex-time; telecommuting; and, side-lining important work such as succession planning; delaying performance enhancement plans; not participating on agency committees; delaying writing procedures/policies; delaying audit work, missing project meetings and/or sending a delegate. In all of these areas, department leaders are weighing the consequences of side-lining work with that of completing high-priority demands. To determine how to boost FASD's divisional performance, a collaborative effort between front line staff and management was made to identify our greatest areas of opportunity and where we would see the most return on investment. As a result, we have created an enterprise strategic initiative for financial management that, in concert with our existing initiative for organizational management and development, raises the importance of FASD's mission to the agency and within the agency. The financial management strategic initiative has two focus areas, investing in staff and additional resources as well as a thorough evaluation of our current technology with the aim of reducing and/or eliminating our reliance on manual processes. To begin, we will focus on investment in staff. This means more robust onboarding and training plans to ensure we have the professional staff we need. We will focus on hiring additional staff to begin work that we have been unable to address for years, as well as addressing succession planning, develop procedures and applicable policies.

BUDGET NARRATIVE

Granting FASD's request gives PERS a way to dynamically support our members in the way they deserve, eliminating risks to the delivery of their benefits and ensuring the right benefit is received by the right member at the right time. This request increases our accountability; allows for the development and tracking of realistic goals and ensures we are making vital progress where needed. It provides the division with a method to shift strategies as well as resources adding a layer of flexibility that does not exist today. FASD will be able to provide robust reporting and analysis, which will allow for improved evaluation of the agency's budget, mitigate risks faster and reach a proactive level of managing agency resources. This request ensures that we are able to invest in mid-term and long-term planning that lifts us from surviving day to day, to promoting a thriving environment of continuous development and improvement.

Alternatives Considered:

Alternative Solution 1: Status Quo

While FASD has made due over the past several years with the staff they currently have, they have been reliant on temporary to hire and WOC positions for critical work. As we have adjusted to meet new demands, we have created an increasing liability as we are unable to do the reporting and analysis required to monitor fraud and efficiencies. Additionally, we have learned that work from legislation that we thought could be share has required much more attention from high-level staff and has become a primary responsibility; we have realized that redistributing the work is not a feasible option going forward. Status quo is not sustainable and puts our essential processes at risk.

Alternative Solution 2: Eliminate Training budget increase

Essential to the Financial Management strategic initiative is investing in our staff. We have been lackadaisical in professional development and that has affected retention and overall performance. To ensure we are getting the best quality of work in the most efficient way, it is essential that we invest in our staff to ensure we are meeting our divisional goals. Reducing this budget also eliminates all Agency level training.

Alternative Solution 3: All requested positions as limited duration

The work we are hiring for is not generalized. We have specific needs, which will require extensive training to get the new employee up to speed with the expectation that they will be exceptional contributors. Average training for accounting, HR, PHIP, procurement and our other teams requires lasts roughly a year; if we maintain all positions as LD we're losing the boost in productivity that we've invested in. As a division, we are already suffering from a lack of continuity, employing this large a group as limited duration will not present an adequate return on investment.

Staffing Impact:

- One limited duration Accounting Technician 3 (1.00 FTE), position number 2110311

2019-2021 Fiscal Impact:

- The anticipated impact to 2019-21 is estimated to be approximately \$357,679. \$170,962 in Personal Services; \$186,717 in Services and Supplies.

____ Agency Request ____ Governor's X Legislatively Adopted

2019-21

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BUDGET NARRATIVE

Quantifying Results:

Benefits	Results
Process Improvements	
✓ Efficiency	<ul style="list-style-type: none"> ○ Staff will provide end to end implementation of new legislation ○ Staff will be able to focus on a single area rather than juggling multiple responsibilities ○ Reduces need for manager oversight of daily work ○ Enables division to set clear performance standards and begin tracking work
✓ Streamlined process	<ul style="list-style-type: none"> ○ Analysis, review and documentation of policies and procedures ensures all impacted staff are following a consistent process with clear expectations ○ Reduced processing time
✓ Improved internal controls	<ul style="list-style-type: none"> ○ Accountability and increased audit compliance & recordkeeping ○ FTE devoted to monitoring progress of measures and audits ○ Documented policies and procedures eliminates a consistent audit finding ○ Improvement of enterprise measures
✓ Public/Stakeholder Satisfaction	
✓ Legislative or regulatory compliance	<ul style="list-style-type: none"> ○ Ensures PERS is able to effectively address legislative mandates without sacrificing availability to other work items ○ Enables PERS to adapt to future legislation without additional substantial staffing needs
✓ More timely information	<ul style="list-style-type: none"> ○ More effective decision making ability backed by thorough analysis and trending ○ Reduction in areas of process that are unknown
✓ Strategic Alignment	
✓ Achieved Policy Objectives	<ul style="list-style-type: none"> ○ Successfully launches a main objective of PERS' financial management strategic initiative to have the right amount of staff at the appropriate classifications. ○ Directly supports the Agency's directives ○ Enables division to launch cascaded measures and enhance enterprise measures

BUDGET NARRATIVE

- KPM #1, Timely Benefit Payments, milestones:
80% of benefit payments paid to member within 45 days by July 2017; 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 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2017-19 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 - FASD Strategic Fulfillment

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	108,336	-	-	-	108,336
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	18,385	-	-	-	18,385
Social Security Taxes	-	-	8,288	-	-	-	8,288
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Mass Transit Tax	-	-	650	-	-	-	650
Flexible Benefits	-	-	35,184	-	-	-	35,184
Total Personal Services	-	-	\$170,962	-	-	-	\$170,962
Services & Supplies							
Employee Training	-	-	1,097	-	-	-	1,097
Office Expenses	-	-	5,000	-	-	-	5,000
Professional Services	-	-	-	-	-	-	-
Facilities Maintenance	-	-	-	-	-	-	-
Other Services and Supplies	-	-	175,620	-	-	-	175,620
Expendable Prop 250 - 5000	-	-	1,000	-	-	-	1,000
IT Expendable Property	-	-	4,000	-	-	-	4,000
Total Services & Supplies	-	-	\$186,717	-	-	-	\$186,717
Total Expenditures							
Total Expenditures	-	-	357,679	-	-	-	357,679
Total Expenditures	-	-	\$357,679	-	-	-	\$357,679

2019-21 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 - FASD Strategic Fulfillment

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
Ending Balance							
Ending Balance	-	-	(357,679)	-	-	-	(357,679)
Total Ending Balance	-	-	(\$357,679)	-	-	-	(\$357,679)
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

2019-21 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
2019-21

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BUDGET NARRATIVE

Package 104 Maintaining Service Levels

Purpose: PERS requests \$925,085 Other Funds limitation for maintaining multiple operating units within PERS. The Operations Division requests \$568,790 to conduct work focusing on reconciliation of IAP data as part of the agency's efforts toward implementing Target Date Funds (TDF). The Information Services Division requests \$356,295 for two positions that will address complexities and continual changes to the PERS pension IT system.

- Personal Services \$880,737
- Services and Supplies: \$44,348
- Total Request \$925,085

Purpose and How Achieved:

Operations Division

The Operations Technical Section in the Operations Division requests one full time permanent Operations and Policy Analyst 2 position to conduct work focusing on reconciliation of IAP data as part of the agency's efforts toward implementing Target Date Funds (TDF). This position would provide a single point of contact with PERS' third party administrator (TPA) Voya, and would help coordinate technical requirements. It would also reduce the burden on PERS' existing Business Operations Process Analysts who have been performing data reconciliation which is not the focus of their job description.

Intake & Review

Intake & Review is requesting to add two full time permanent positions; one RC1 and one OS2 to the team. The Intake team hires temporary staff each year to help with service retirement application processing during the peak months of July and December as well as the high volume of forms received from retired members wanting to make changes to their address, direct deposit information or tax withholdings. Intake also hires temps to help with special projects such as the annual residency project when it receives thousands of extra residency forms that need processing each year. In addition, Intake has a year-round temp who helps process returned mail. Intake averages nearly 7,700 Service Retirement Applications (SRA) per year as well as 1,028 withdrawal applications, nearly 2,000 post-retired forms and at least 1,200 pieces of returned mail a month. The team works overtime during the peak seasons. For example, the team worked approximately 1,200 hours throughout the summer of 2017. Temps are not allowed to work more than 1,039 hours in a year, so PERS must hire and re-train temps for the Intake Team at least every 6 months.

Calculations

Calculations requests one permanent PEMB position. The requested management position for Calculations would support and supervise nineteen positions by developing, directing, and managing the pre and post retirement work for the Inceptions and Adjustments team. The requested position would supervise and coordinate daily work to ensure estimates, purchases, and benefits are processed and distributed in a timely and accurate fashion. This change would free up the Section Manager to perform greater analysis and strategic vision work.

BUDGET NARRATIVE

Information Services Division

Enterprise Application Section (EAS) for Quality Assurance:

The Enterprise Application Section for Quality Assurance is requesting an ISS6 (SW) Test Engineer to increase capacity for unit test automation, quality, and secure code analysis and the quality program for enterprise application development. Adding this new position to the QA group will be a step forward to enable the agency to meet automated regression needs, increased requirements to meet secure coding practices and the challenges of modern IT systems development.

Currently, developers are required to provide unit tests for coding assignments. In addition, new requirements for secure coding add to the overhead to code development. Utilizing contract developers is both expensive and a less effective utilization of these expensive resources. Current contractor cost is approximately \$106 to \$126 per hour and requires a 10% utilization of their time.

From the business side, this position will automate testing which will alleviate the need to pull business staff from Operations. Presently, PERS must rely on inefficient manual testing. For example, over the course of two months (from May 1, 2018 through June 29, 2018) manual testing conducted by fourteen PERS workers resulted in twelve test scripts being completed. It is estimated that automated testing would allow for that same volume of test scripts to be completed in two days. There are over one thousand test scripts with tens of thousands of verification points to support over four hundred fifty jClarety use cases.

Enterprise Content Management Section (ECMS):

The PERS Enterprise Content Management Section is requesting a full-time permanent system analyst and development ISS6 position to support the expanding growth and capabilities of our electronic management system. Advancements in digital information technology and the governance activities that support controls around information use require an additional resource for the ECMS Development team.

The agency is still manually processing administrative work through the use of paper forms, from onboarding new employees, to approval of invoices, to procurement requests. The manual process also includes hand delivery of these forms using interoffice envelopes and shuttle vans between offices. By utilizing technology (IBM FileNet) that the agency currently uses for pension administration, an ISS6 can automate these processes that can improve the efficiency of processing work from a few days to just a few minutes. Moreover, by validating data entered can also reduce error and bad data.

The team processes between 7000 and 9000 pages per day. This is approximately 3000 to 4000 documents entered into the system daily, and all incoming documents from the member have to be in system prior to 5pm each day. It is the operator's responsibility to validate the right member information on the document with the right document code.

Alternatives Considered:

Intake & Review

Alternatives other than the status quo practice of hiring contractors are limited. Existing staff would need to work substantial overtime in order to complete the work that would otherwise be done by contractors or the additional FTEs being requested.

Calculations

The alternative to the requested PEMB position is the status quo in which the PEMD position is tasked with developing, directing, and managing pre and post retirement work for the Inceptions and Adjustments team in addition to the leadership duties of that position.

BUDGET NARRATIVE

Information Services Division

ISD can continue to hire contractors or request limited duration positions. However, the complexities of the PERS pension system and required knowledge to make significant contribution to the teams' workload is not a very effective alternative. ISD positions require experience and in-depth knowledge of the PERS pension systems. Ramp up time for new employee is significant. In most cases it takes 6-12 months for new staff to gain enough knowledge and understanding of the PERS pension plan and IT systems to perform key duties.

Filling the request positions with temporary staff (limited duration) has not been an effective solution for filling key positions and maintaining enough bench strength for IT service levels expected by the business and members.

Existing staff that possess the required skill set could work extra hours for limited workload increases. However, the agency has long-term workload demands that require the addition of resources to learn and support the complicated business rules and systems. This would also allow knowledge transfer from individuals with key knowledge in a specific area which reduces risk to the agency and continues to develop a highly skilled work force at PERS as specified in the Strategic Plan.

Operations Administration

For the OPA2 TDF Administration position, contracting is not viable option because the business needs will be ongoing. The only other option is to continue the status quo which would perpetuate existing problems and risks.

Staffing Impact:

- One permanent full time Principal Executive Manager B (1.00 FTE), position number 2110401
- One permanent full time Office Specialist 2 (1.00 FTE), position number 2110402
- One permanent full time Retirement Counselor 1 (1.00 FTE) position number 2110403
- One permanent full time Operations and Policy Analyst 2 (1.00 FTE) position number 2110404
- Two permanent full time Information Systems Specialist 6 (2.00 FTE) position number 2110407,2110408

BUDGET NARRATIVE

2019-2021 Fiscal Impact:

- The anticipated impact to 2019-21 is estimated to be approximately \$880,737 in Personal Services; \$44,348 in Services and Supplies.

Quantifying Results:

- KPM #1, Timely Benefit Payments, milestones:
80% of benefit payments paid to member within 45 days by July 2017; 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 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2017-19 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 - Maintaining Current Services

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	551,670	-	-	-	551,670
Empl. Rel. Bd. Assessments	-	-	318	-	-	-	318
Public Employees' Retire Cont	-	-	93,618	-	-	-	93,618
Social Security Taxes	-	-	42,203	-	-	-	42,203
Worker's Comp. Assess. (WCD)	-	-	306	-	-	-	306
Mass Transit Tax	-	-	3,310	-	-	-	3,310
Flexible Benefits	-	-	184,716	-	-	-	184,716
Reconciliation Adjustment	-	-	4,596	-	-	-	4,596
Total Personal Services	-	-	\$880,737	-	-	-	\$880,737
Services & Supplies							
Employee Training	-	-	6,711	-	-	-	6,711
Office Expenses	-	-	15,000	-	-	-	15,000
Expendable Prop 250 - 5000	-	-	5,000	-	-	-	5,000
IT Expendable Property	-	-	17,637	-	-	-	17,637
Total Services & Supplies	-	-	\$44,348	-	-	-	\$44,348
Total Expenditures							
Total Expenditures	-	-	925,085	-	-	-	925,085
Total Expenditures	-	-	\$925,085	-	-	-	\$925,085

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Agency Request Governor's ☒ Legislatively Adopted

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 104 - Maintaining Current Services

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
Ending Balance							
Ending Balance	-	-	(925,085)	-	-	-	(925,085)
Total Ending Balance	-	-	(\$925,085)	-	-	-	(\$925,085)
Total Positions							
Total Positions							6
Total Positions	-	-	-	-	-	-	6
Total FTE							
Total FTE							5.28
Total FTE	-	-	-	-	-	-	5.28

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Package 106 Risk and Security Management Program

Package Description

Purpose: PERS requests \$638,291 Other Funds limitation in the Compliance, Audit and Risk Division to staff and budget resources to implement and support the ongoing operations of the PERS Security and Risk Management Program, which will include Information Security, Continuity of Operations, Disaster Recovery, and Risk Management functions. PERS is responsible for ensuring the confidentiality, integrity, and availability of its member data and therefore, these resources will allow the agency to implement and fund the ongoing operations of the proposed Risk and Security program and ensure the confidentiality, integrity, and availability of member data.

- Services & Supplies \$ 638,291
- Total Cost \$ 638,291

Purpose and How Achieved:

The Governor, legislature, and state government are committed to meeting the needs of citizens in the event of a local or statewide disaster. The legislature and Legislative Fiscal Office, through budget notes and oversight, has directed PERS to develop industry standard Information Security, Business Continuity (COOP), and Disaster Recovery Programs. The legislature approved initial funds to help with program development efforts, but has delayed all other funding requests, pending the outcome of PERS program development efforts.

PERS is actively developing these programs in conjunction with the OSCIO, ESO, and Governor's office, and once complete they will make up the agency's Security and Risk Program. Unless PERS is provided staff and funding for the program on an ongoing basis, all efforts to meet the agency directives will end this biennium. PERS is seeking approval for staff and budget resources to implement and operate industry standard Information Security, Continuity of Operations, Disaster Recovery, and Risk Management Programs, in alignment with the State's Unification of Security, Oregon Revised Statutes, and Continuity and Resiliency initiatives. PERS is ultimately responsible for ensuring the confidentiality, integrity, availability, and privacy of member data and therefore, continuation of the Security and Risk Program is critical to meeting legal obligations.

During the 2017 legislative session, three Policy Option Packages (POPs), as described below, were approved as part of the agency budget (SB 5534). Each of these POPs came with specific budget notes, which require PERS to establish ongoing programs to address the perceived deficiencies in the Information Security, Business Continuity and Disaster Recovery Programs.

Working with the Office of the State Chief Information Office (OSCIO), the Enterprise Security Office (ESO), and with oversight of the Legislative Fiscal Office (LFO), PERS has been developing its Information Security, Business Continuity, now called Continuity of Operations, and Disaster Recovery Programs. The current state of these three programs is as follows:

Business Continuity Program (BCP) (SB 5534 POP 803) – PERS was provided \$250,000 for the development of the agency Business Continuity Program. PERS has been actively revising its BCP plan throughout the 2017-2019 biennium, however with the additional funding PERS will contract with a third party consultant to evaluate its Business Continuity Programs (aka COOP) and to provide

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recommendations for staffing, program funding and overall program governance. PERS is managing its BCP efforts as a project with status reports being distributed to both the OSCIO and LFO.

Disaster Recovery Program (DRP) (SB 5534 POP 804) – PERS was provided \$500,000 for the development and implementation of the agency Disaster Recovery Program. PERS has been actively revising its Disaster Recovery Plan throughout the 2017-2019 biennium, and will use the additional funding to contract with a third party consultant to provide recommendations for the implementation of an industry standard Disaster Recovery Program, including staffing, program funding, and overall program governance. Similar to the BCP, PERS is managing the DRP as an agency project with status reports distributed to both the OSCIO and LFO.

PERS proposes to combine these projects under a Security and Risk Management Program umbrella. The program will consist of 5 FTE who will be responsible for planning, implementing, monitoring, and revising the program in order to help the agency meet its fiduciary obligations to its members, and external stakeholders in the event of a business interruption.

Alternatives Considered:

One alternative for the Information Security portion of this request is to ask the Enterprise Service Office to assume more of responsibilities. However, per their current Initial Operating Capacity report, certain services are defined as agency responsibilities. For the remaining portions of this request, Continuity and Risk Management are an agency responsibility therefore; PERS does not see alternatives other than what has been presented. PERS will work closely with the OSCIO and ESO in support of the state enterprise Security Unification efforts, and with the Governor's Office on its Continuity of Operations Program utilizing the State's BoldPlanning solution.

Assumptions

The ESO office will focus on Enterprise Information Security services and PERS will be responsible for the remaining Information Security tasks including privacy, agency forensics, vulnerability, and patch management.

Selection Criteria and Alternatives Ranking

None Identified

Solution Requirements

None Identified

Alternatives Identification

None Identified

Alternatives Analysis

None Identified

Cost

This is currently a DAS/ESO agency assessment for their identified services. No cost structure has been identified for services PERS will be responsible for.

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Benefit

None Identified

Risk

None Identified

Staffing Impact:

- None

2019-2021 Fiscal Impact:

- The anticipated impact to 2019-21 is estimated to be approximately \$638,291 in Services and Supplies

Quantifying Results:

- KPM #1, Timely Benefit Payments, milestones:
80% of benefit payments paid to member within 45 days by July 2017; 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 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2017-19 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.

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 106 - Risk and Security Management

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
Personal Services							
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	-	-	-	-	-	-	-
Total Personal Services	-	-	-	-	-	-	-
Services & Supplies							
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
Agency Program Related S and S	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	3,000	-	-	-	3,000
IT Expendable Property	-	-	12,000	-	-	-	12,000
Total Services & Supplies	-	-	\$638,291	-	-	-	\$638,291
Capital Outlay							
Data Processing Software	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 106 - Risk and Security Managment

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
Total Expenditures							
Total Expenditures	-	-	638,291	-	-	-	638,291
Total Expenditures	-	-	\$638,291	-	-	-	\$638,291
Ending Balance							
Ending Balance	-	-	(638,291)	-	-	-	(638,291)
Total Ending Balance	-	-	(\$638,291)	-	-	-	(\$638,291)
Total Positions							
Total Positions							-
Total Positions	-	-	-	-	-	-	-
Total FTE							
Total FTE							-
Total FTE	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

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Package 107 Deferred Maintenance

Package Description

Purpose: PERS requests \$1,161,555 Other Funds limitation in the Financial and Administrative Services Division to satisfy the requirement in Senate Bill 1067 (2017) that PERS, as an agency owning a state building in Tigard, provide support to the Governor's 2019-2021 Budget in bringing the agencies' total deferred maintenance and capital improvement budget to a level of two percent of the current replacement value of state-owned buildings and infrastructure.

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. Specifically, the building's roof has exceeded its anticipated functional life of 20 to 25 years, and the HVAC system has exceeded its anticipated functional life of 15 to 20 YEARS. Trane (the current HVAC unit's manufacturer & servicer) suggests that even if no performance issues are present, that Oregon businesses plan to replace units such as the one PERS has, at 25 years, which would be 2021-22.

- Services & Supplies \$ 1,161,555
- Total Cost \$ 1,161,555

Purpose and How Achieved:

This proposal is a request for funding in PERS' 2019-2021 biennium budget to proactively address the anticipated need to perform critical deferred maintenance at the agency's headquarters building in Tigard. The "investment" is pre-establishing readiness funding to expedite major repairs to, or acquisition of new HVAC equipment and / or a new roof for the HQ building. Having the funding available will greatly reduce the time and improve the responsiveness required to remedy a failure of either / both system(s). The proposed funding will also address any actual, unanticipated deferred maintenance need that PERS may encounter during the 2019 – 2021 biennium.

As is the case for every state agency, good stewardship of the public trust requires that PERS properly maintain facilities that house its operations and support the agency's mission. Additionally, the new 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 needs of Oregon's citizens and state employees.

This proposal supports the Governor's 2019-2021 Budget in meeting the requirements of Senate Bill 1067 (2017), through PERS' establishment of a budget as part of the overall DM budget for all state agencies. Expenditures in the amount of the funding being requested will be required at some point in the very near future, regardless of whether it comes through approval of this particular request. Receiving the 2% of current replacement value of PERS headquarters building in keeping with the state's deferred maintenance solution initiative and SB 1067 provides an opportunity to proactively meet critical agency facility needs.

The estimated total cost of the proposed solution to PERS' deferred maintenance effort is \$340,000 (or \$380K with PMs). The cost is comprised of capital outlay for equipment (\$265,000), installation costs of (\$75,000), and attendant annual services & supplies

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expenses for preventive maintenance and repair services (\$40,000/ year [DAS Facilities for HVAC]). No Personal Services costs are required.

A Cost/Benefit Analysis is not applicable. There are only 2 options – do not contingency budget for replacement vs establish a contingency budget based on a researched total cost estimate for each of the 2 systems. The “ROI” is immediate, because if either system (or both) fails, most PERS operations and service provisions will cease or be severely compromised in terms of quality, time & expense until replacement restores the HQ facility to inhabitable / useable condition for PERS staff.

Proactively addressing these essential and likely capital equipment replacements, beginning in the 19-21 biennium, will mitigate significant agency business and service delivery risks, which exist in the form of extended, disrupted operations due to potential of the headquarters building being unusable in the event that the HVAC and / or roof performance fail as a result of not having pre-established deferred maintenance budget funds to replace or repair these critical systems.

Approving this proposal remedies two definite, upcoming deferred maintenance needs and addresses PERS’ contribution to the Governor meeting the legal requirements of SB 1067.

Alternatives Considered:

Assumptions

- PERS’ replacement of the Headquarters HVAC system and roof, both of which have exceeded reasonable useful life expectancy, will need to occur prior to 2023, either proactively in accordance with an efficient plan or reactively in response to system failure.
- Unexpected failure of either or both systems will result in avoidable disruption to agency operations and an unplanned compromise of access to PERS by members and retirees.

Alternative Course of Action

Not receiving funding approval through this proposal. PERS can wait for the HVAC system and the headquarters roof, respectively, to fail, and request replacement funding on an emergency basis at the time of each event.

Risk: The “emergency replacement” scenario would likely include a rushed procurement process, with corresponding sub-optimum results in terms of cost and possibly quality.

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Staffing Impact:

- None

2019-2021 Fiscal Impact:

- The anticipated impact to 2019-21 is estimated to be approximately \$1,161,555 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 2017-19 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.

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon

Pkg: 107 - 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
Services & Supplies							
Facilities Maintenance	-	-	1,161,555	-	-	-	1,161,555
Total Services & Supplies	-	-	\$1,161,555	-	-	-	\$1,161,555
Total Expenditures							
Total Expenditures	-	-	1,161,555	-	-	-	1,161,555
Total Expenditures	-	-	\$1,161,555	-	-	-	\$1,161,555
Ending Balance							
Ending Balance	-	-	(1,161,555)	-	-	-	(1,161,555)
Total Ending Balance	-	-	(\$1,161,555)	-	-	-	(\$1,161,555)

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Package 801 LFO Analyst Adjustments

Package description as introduced in the Legislatively Adopted Budget

Package Description:

Purpose: This package increases Other Funds expenditure limitation by \$11,539,472 for the department to make payments from the School District Unfunded Liability Fund (\$11,539,471) and Employer Incentive Fund (\$1) established by Senate Bill 1566 (2018) to the employer side accounts envisioned by that bill. Funds will be placed with the Financial and Administrative Services Division.

This package increase Other Funds Non-limited expenditure authority by \$11,539,471 to account for payments from the School District Unfunded Liability Fund established by Senate Bill 1566 (2018) into the pooled side account by that bill.

SCR	Division Title	Amount
500-03	Financial and Administrative Services Division	11,539,472
	Limited Total	11,539,472
010-01	Tier One and Tier Two Pension Program	11,539,471
	Non-Limited Total	11,539,471

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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
Special Payments							
Other Special Payments	-	-	11,539,472	-	-	-	11,539,472
Total Special Payments	-	-	\$11,539,472	-	-	-	\$11,539,472
Total Expenditures							
Total Expenditures	-	-	11,539,472	-	-	-	11,539,472
Total Expenditures	-	-	\$11,539,472	-	-	-	\$11,539,472
Ending Balance							
Ending Balance	-	-	(11,539,472)	-	-	-	(11,539,472)
Total Ending Balance	-	-	(\$11,539,472)	-	-	-	(\$11,539,472)

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 801 - LFO Analyst Adjustments

Cross Reference Name: Non-Limited Programs
Cross Reference Number: 45900-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Special Payments							
Other Special Payments	-	-	-	-	11,539,471	-	11,539,471
Total Special Payments	-	-	-	-	\$11,539,471	-	\$11,539,471
Total Expenditures							
Total Expenditures	-	-	-	-	11,539,471	-	11,539,471
Total Expenditures	-	-	-	-	\$11,539,471	-	\$11,539,471
Ending Balance							
Ending Balance	-	-	-	-	(11,539,471)	-	(11,539,471)
Total Ending Balance	-	-	-	-	(\$11,539,471)	-	(\$11,539,471)

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 801 - LFO Analyst Adjustments

Cross Reference Name: Tier One and Tier Two Pension Programs
Cross Reference Number: 45900-010-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Special Payments							
Other Special Payments	-	-	-	-	11,539,471	-	11,539,471
Total Special Payments	-	-	-	-	\$11,539,471	-	\$11,539,471
Total Expenditures							
Total Expenditures	-	-	-	-	11,539,471	-	11,539,471
Total Expenditures	-	-	-	-	\$11,539,471	-	\$11,539,471
Ending Balance							
Ending Balance	-	-	-	-	(11,539,471)	-	(11,539,471)
Total Ending Balance	-	-	-	-	(\$11,539,471)	-	(\$11,539,471)

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Packages 802-806 LFO Analyst Adjustments

Package description as introduced in the Legislatively Adopted Budget

Core Retirement Systems Applications Division – New

Purpose: The Core Retirement Systems Applications Division was established to budget for the project-related positions and contracts related to PERS' implementation of Senate Bill 1049, an omnibus PERS reform bill. The projects that will need to be undertaken to implement this bill include establishing a system to manage the new Employee Pension Stability Accounts that will hold contributions diverted from member's Individual Account Program contributions, establishing a system that allows members to choose which Target Date Fund their Individual Account Program will be invested in, creating a database to track the new work after retirement provisions, implementing a new information tool and staff for the Employer Incentive Fund, School District Unfunded Liability Fund, and Unfunded Actuarial Liability Resolution Program established by Senate Bill 1566 (2018), and creating a database to manage the new cap on final average salaries at \$195,000. The first of these projects, the establishment of the Employee Pension Stability Accounts, is set to take effect on July 1, 2020. The Subcommittee recommended a budget of \$39,059,714 in Other Funds expenditure limitation and 37 positions (33.60 FTE).

The Subcommittee recommended the following packages:

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Package 802 Project Management and Administration

Package description as introduced in the Legislatively Adopted Budget

Purpose: This package establishes Other Funds expenditure limitation of \$2.5 million for a project management vendor contract for the overall project management of the Senate Bill 1049 implementation effort. This amount is recommended on a one-time basis.

SCR	Division Title	Package 802
900-02	Core Retirement Systems Applications Division	2,500,000
	Total	\$2,500,000

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 802 - Project Management and Administration

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
Services & Supplies							
Professional Services	-	-	2,500,000	-	-	-	2,500,000
Total Services & Supplies	-	-	\$2,500,000	-	-	-	\$2,500,000
Total Expenditures							
Total Expenditures	-	-	2,500,000	-	-	-	2,500,000
Total Expenditures	-	-	\$2,500,000	-	-	-	\$2,500,000
Ending Balance							
Ending Balance	-	-	(2,500,000)	-	-	-	(2,500,000)
Total Ending Balance	-	-	(\$2,500,000)	-	-	-	(\$2,500,000)

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BUDGET NARRATIVE

Package 803 Quality Assurance and Testing

Package description as introduced in the Legislatively Adopted Budget

Purpose: This package establishes Other Funds expenditure limitation of \$2.5 million for an independent quality assurance contractor to oversee the implementation of Senate Bill 1049. This amount is recommended on a one-time basis.

SCR	Division Title	Package 803
900-03	Core Retirement Systems Applications Division	2,500,000
	Total	\$2,500,000

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 803 - Quality Assurance and Testing

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
Services & Supplies							
Professional Services	-	-	-	-	-	-	-
IT Professional Services	-	-	2,500,000	-	-	-	2,500,000
Total Services & Supplies	-	-	\$2,500,000	-	-	-	\$2,500,000
Total Expenditures							
Total Expenditures	-	-	2,500,000	-	-	-	2,500,000
Total Expenditures	-	-	\$2,500,000	-	-	-	\$2,500,000
Ending Balance							
Ending Balance	-	-	(2,500,000)	-	-	-	(2,500,000)
Total Ending Balance	-	-	(\$2,500,000)	-	-	-	(\$2,500,000)

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Package 804 Information Technology Applications

Package description as introduced in the Legislatively Adopted Budget

This package establishes Other Funds expenditure limitation of \$25,992,000 to fund the information technology solutions needed to implement Senate Bill 1049. Given the timelines for implementation, the project will need to implement a series of temporary solutions before final versions can be implemented.

Specifically, PERS anticipates spending \$4,675,000 on temporary solutions as follows:

- \$1,750,000 in contracted services for a database to temporarily manage Employee Pension Stability Accounts;
- \$770,000 in contracted services for a database to temporarily manage the new Final Average Salary limit;
- \$770,000 in contracted services for a database to temporarily manage the new work after retirement provisions of the bill;
- \$180,000 in contracted services for SQL Server database integration services; and
- \$1,205,000 in contracted services for a third-party administrator to manage the Employee Pension Stability Accounts and voluntary employee contributions to their Individual Account Program accounts.

To implement a series of permanent solutions that will address the programs created by Senate Bill 1049, PERS anticipates spending \$21,317,000 on the following:

- \$20.0 million in contracted services to implement the employee redirect portions of the bill;
- \$1.275 million in contracted services for an actuarial rate projection tool in order to implement the Unfunded Actuarial Liability Resolution Program; and
- \$42,000 in contracted services to modify the Employer Data Exchange database to validate employee's dates of birth.

These amounts are recommended on a one-time basis.

SCR	Division Title	Package 804
900-04	Core Retirement Systems Applications Division	25,992,000
	Total	\$25,992,000

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 804 - Information Technology Applications

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
Services & Supplies							
Professional Services	-	-	1,205,000	-	-	-	1,205,000
IT Professional Services	-	-	23,512,000	-	-	-	23,512,000
Dues and Subscriptions	-	-	1,275,000	-	-	-	1,275,000
Total Services & Supplies	-	-	\$25,992,000	-	-	-	\$25,992,000
Total Expenditures							
Total Expenditures	-	-	25,992,000	-	-	-	25,992,000
Total Expenditures	-	-	\$25,992,000	-	-	-	\$25,992,000
Ending Balance							
Ending Balance	-	-	(25,992,000)	-	-	-	(25,992,000)
Total Ending Balance	-	-	(\$25,992,000)	-	-	-	(\$25,992,000)

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
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BUDGET NARRATIVE

Package 805 Operational Implementation

Package description as introduced in the Legislatively Adopted Budget

Purpose: This package establishes Other Funds expenditure limitation of \$7,567,714 and 37 limited duration positions (33.60 FTE) for staff needed to address additional operational workload created by Senate Bill 1049 implementation. These positions are budgeted in the Core Retirement Systems Application Division but will report to the divisions outlined:

SCR	Division Title	FTE	Package 805
900-05	Core Retirement Systems Division – Central Admin	3.84	1,039,142
900-05	Core Retirement Systems Division - Finance	3.64	1,727,591
900-05	Core Retirement Systems Division – Information Services	2.76	588,506
900-05	Core Retirement Systems Division - Operations	19.68	3,314,898
900-05	Core Retirement Systems Division - Compliance	3.68	897,577
	Total	33.60	\$7,567,714

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 805 - Operational Implementation

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	574,316	-	-	-	574,316
Empl. Rel. Bd. Assessments	-	-	328	-	-	-	328
Public Employees' Retire Cont	-	-	97,462	-	-	-	97,462
Social Security Taxes	-	-	43,936	-	-	-	43,936
Worker's Comp. Assess. (WCD)	-	-	316	-	-	-	316
Mass Transit Tax	-	-	3,446	-	-	-	3,446
Flexible Benefits	-	-	190,580	-	-	-	190,580
Reconciliation Adjustment	-	-	7,680	-	-	-	7,680
Total Personal Services	-	-	\$918,064	-	-	-	\$918,064
Services & Supplies							
Employee Training	-	-	6,534	-	-	-	6,534
Office Expenses	-	-	30,000	-	-	-	30,000
Expendable Prop 250 - 5000	-	-	6,000	-	-	-	6,000
IT Expendable Property	-	-	24,000	-	-	-	24,000
Total Services & Supplies	-	-	\$66,534	-	-	-	\$66,534
Total Expenditures							
Total Expenditures	-	-	984,598	-	-	-	984,598
Total Expenditures	-	-	\$984,598	-	-	-	\$984,598

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Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request Governor's ☒ Legislatively Adopted
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BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 805 - Operational Implementation

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
Ending Balance							
Ending Balance	-	-	(984,598)	-	-	-	(984,598)
Total Ending Balance	-	-	(\$984,598)	-	-	-	(\$984,598)
Total Positions							
Total Positions							6
Total Positions	-	-	-	-	-	-	6
Total FTE							
Total FTE							5.44
Total FTE	-	-	-	-	-	-	5.44

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 805 - Operational Implementation

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	3,471,855	-	-	-	3,471,855
Empl. Rel. Bd. Assessments	-	-	2,028	-	-	-	2,028
Public Employees' Retire Cont	-	-	589,177	-	-	-	589,177
Social Security Taxes	-	-	265,599	-	-	-	265,599
Worker's Comp. Assess. (WCD)	-	-	1,945	-	-	-	1,945
Mass Transit Tax	-	-	20,917	-	-	-	20,917
Flexible Benefits	-	-	1,175,732	-	-	-	1,175,732
Reconciliation Adjustment	-	-	119,244	-	-	-	119,244
Total Personal Services	-	-	\$5,646,497	-	-	-	\$5,646,497
Services & Supplies							
Employee Training	-	-	55,251	-	-	-	55,251
Office Expenses	-	-	1,196,790	-	-	-	1,196,790
Professional Services	-	-	231,676	-	-	-	231,676
Dispute Resolution Services	-	-	222,500	-	-	-	222,500
Expendable Prop 250 - 5000	-	-	43,000	-	-	-	43,000
IT Expendable Property	-	-	172,000	-	-	-	172,000
Total Services & Supplies	-	-	\$1,921,217	-	-	-	\$1,921,217
Total Expenditures							
Total Expenditures	-	-	7,567,714	-	-	-	7,567,714
Total Expenditures	-	-	\$7,567,714	-	-	-	\$7,567,714

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Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request Governor's ☒ Legislatively Adopted

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 805 - Operational Implementation

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
Ending Balance							
Ending Balance	-	-	(7,567,714)	-	-	-	(7,567,714)
Total Ending Balance	-	-	(\$7,567,714)	-	-	-	(\$7,567,714)
Total Positions							
Total Positions							37
Total Positions	-	-	-	-	-	-	37
Total FTE							
Total FTE							33.60
Total FTE	-	-	-	-	-	-	33.60

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's ☒ Legislatively Adopted
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BUDGET NARRATIVE

Package 806 Contingency Reserve

Package description as introduced in the Legislatively Adopted Budget

Purpose: This package establishes Other Funds expenditure limitation of \$500,000 to serve as a contingency reserve for the implementation of Senate Bill 1049 given the uncertainty about the final costs of this project and the fact that it is still in an early planning phase.

SCR	Division Title	Package 806
900-06	Core Retirement Systems Applications Division	500,000
	Total	\$500,000

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 806 - Contingency Reserve

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
Services & Supplies							
IT Professional Services	-	-	500,000	-	-	-	500,000
Total Services & Supplies	-	-	\$500,000	-	-	-	\$500,000
Total Expenditures							
Total Expenditures	-	-	500,000	-	-	-	500,000
Total Expenditures	-	-	\$500,000	-	-	-	\$500,000
Ending Balance							
Ending Balance	-	-	(500,000)	-	-	-	(500,000)
Total Ending Balance	-	-	(\$500,000)	-	-	-	(\$500,000)

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____ Agency Request ____ Governor's X Legislatively Adopted
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BUDGET NARRATIVE

Package 810 HB 5050 Statewide Adjustments

Package description as introduced in the Legislatively Adopted Budget

Purpose: Statewide adjustments reflect budget changes in multiple agencies based on reductions in Department of Administrative Services' assessments and charges for services, Attorney General rates, Secretary of State assessments, and Parks assessments. Statewide adjustments also reflect net reductions to debt service realized through interest rate savings on bond sales, and Other Funds balances and interest earnings that can be applied to debt service. The Public Employees Retirement System realized the following adjustments:

SCR	Division Title	Package 810
500-01	Central Administration	(21,334)
500-03	Financial and Administrative Services Division	187,025
500-04	Information Services Division	(63,820)
500-08	Operations Division	(141,042)
500-09	Compliance, Audit and Risk Division	(60,369)
	Total	(\$99,540)

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

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Reconciliation Adjustment	-	-	(283,734)	-	-	-	(283,734)
Total Personal Services	-	-	(\$283,734)	-	-	-	(\$283,734)
Services & Supplies							
Instate Travel	-	-	(6,825)	-	-	-	(6,825)
Office Expenses	-	-	(4,978)	-	-	-	(4,978)
Telecommunications	-	-	4,499	-	-	-	4,499
State Gov. Service Charges	-	-	343,963	-	-	-	343,963
Data Processing	-	-	(7,518)	-	-	-	(7,518)
Attorney General	-	-	(54,357)	-	-	-	(54,357)
Facilities Rental and Taxes	-	-	(30,055)	-	-	-	(30,055)
Facilities Maintenance	-	-	(67,345)	-	-	-	(67,345)
Other Services and Supplies	-	-	6,810	-	-	-	6,810
Total Services & Supplies	-	-	\$184,194	-	-	-	\$184,194
Total Expenditures							
Total Expenditures	-	-	(99,540)	-	-	-	(99,540)
Total Expenditures	-	-	(\$99,540)	-	-	-	(\$99,540)
Ending Balance							
Ending Balance	-	-	99,540	-	-	-	99,540
Total Ending Balance	-	-	\$99,540	-	-	-	\$99,540

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Essential and Policy Package Fiscal Impact Summary - BPR013

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Package 812 Vacant Position Elimination

Package description as introduced in the Legislatively Adopted Budget

Purpose: This package reduces Other Funds expenditure limitation by \$250,886 and one permanent full-time Principal Executive Manager F (1.00 FTE). This position, formerly the agency's Chief Administration Officer, is no longer needed by the agency based on the establishment of a permanent full-time Principal Executive Manager G position to serve as the agency's Chief Financial Officer and to administer the Financial and Administrative Services Division.

This package reduces Other Funds expenditure limitation by \$129,751 and abolishes one permanent full-time position (1.00 FTE). This package eliminates a vacant Office Specialist 1 position and associated Services and Supplies in the Electronic Content Management section.

This package reduces Other Funds expenditure limitation by \$250,886 and abolishes one permanent full-time position. This action eliminates a vacant Principal Executive Manager F position. This position is no longer needed due to the agency's consolidation of two divisions into a single division in 2015, eliminating the need for one division administrator.

SCR	Division Title	FTE	Package 812
500-03	Financial and Administrative Services Division	(1.00)	(250,886)
500-04	Information Services Division	(1.00)	(129,751)
500-08	Operations Division	(1.00)	(250,886)
	Total	(3.00)	(\$631,523)

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 812 - Vacant Position Elimination

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	(424,320)	-	-	-	(424,320)
Empl. Rel. Bd. Assessments	-	-	(183)	-	-	-	(183)
Public Employees' Retire Cont	-	-	(72,008)	-	-	-	(72,008)
Social Security Taxes	-	-	(32,461)	-	-	-	(32,461)
Worker's Comp. Assess. (WCD)	-	-	(174)	-	-	-	(174)
Flexible Benefits	-	-	(105,552)	-	-	-	(105,552)
Reconciliation Adjustment	-	-	14,272	-	-	-	14,272
Total Personal Services	-	-	(\$620,426)	-	-	-	(\$620,426)
Services & Supplies							
Employee Training	-	-	(1,097)	-	-	-	(1,097)
Office Expenses	-	-	(5,000)	-	-	-	(5,000)
Expendable Prop 250 - 5000	-	-	(1,000)	-	-	-	(1,000)
IT Expendable Property	-	-	(4,000)	-	-	-	(4,000)
Total Services & Supplies	-	-	(\$11,097)	-	-	-	(\$11,097)
Total Expenditures							
Total Expenditures	-	-	(631,523)	-	-	-	(631,523)
Total Expenditures	-	-	(\$631,523)	-	-	-	(\$631,523)
Ending Balance							
Ending Balance	-	-	631,523	-	-	-	631,523
Total Ending Balance	-	-	\$631,523	-	-	-	\$631,523

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Agency Request Governor's ☒ Legislatively Adopted

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 812 - Vacant Position Elimination

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
Total Positions							
Total Positions							(3)
Total Positions	-	-	-	-	-	-	(3)
Total FTE							
Total FTE							(3.00)
Total FTE	-	-	-	-	-	-	(3.00)

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
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Package 813 SB1049 Implementation

Package description as introduced in the Legislatively Adopted Budget

Purpose: The measure modifies PERS system financing by changing the amortization period and adding assets to the system. Assets that are added to PERS will be included in actuarial valuations. Tier 1 and Tier 2 Unfunded Accrued Liabilities are re-amortized, on a one-time basis, from 20-years to 22-years after which point the amortization schedule for these two benefit plans revert to 20-years. The PERS Board sets the amortization period administratively as long as the amortization period is below the 40-year statutory maximum. The amortization period for the Oregon Public Service Retirement Plan remains unchanged at 16-years. The measure adds assets to the system by dedicating all net lottery revenues from sports betting games revenue to the Employer Incentive Fund. The corresponding employer match is indeterminate at this time until the amount of sports betting games net lottery revenue deposited into the fund becomes known. The measure appropriates \$100 million of General Fund, on a time-time basis, for expenditure into the Employer Incentive Fund. The corresponding employer match up to 75% is assumed to be at least \$400 million for a total increase in assets of \$500 million. The measure provides for \$100 million of Other Funds expenditure limitation for the Fund. PERS will need to request additional Other Funds or Lottery Funds expenditure limitation depending upon the availability of sports betting revenue as well as the timing of employer matching funds in order to expend funds out of the Employer Incentive Fund. Once matched, Employer Incentive Funds will be expended to fund lump sum employer side accounts, which are separately budgeted as Non-limited Other Funds expenditures.

SCR	Division Title	Package 813
200-01-01	Employer Incentive Fund – General Fund Appropriation	100,000,000
200-01-02	Employer Incentive Fund – Other Funds	100,000,000
	Total	200,000,000

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 813 - Policy Bills

Cross Reference Name: Employer Resolution Programs
Cross Reference Number: 45900-200-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	100,000,000	-	-	-	-	-	100,000,000
Transfer In - Intrafund	-	-	-	-	-	-	-
Transfer from General Fund	-	-	100,000,000	-	-	-	100,000,000
Total Revenues	\$100,000,000	-	\$100,000,000	-	-	-	\$200,000,000
Transfers Out							
Transfer Out - Intrafund	-	-	-	-	-	-	-
Transfer to Other	-	-	-	-	-	-	-
Total Transfers Out	-	-	-	-	-	-	-
Special Payments							
Intra-Agency Gen Fund Transfer	100,000,000	-	-	-	-	-	100,000,000
Other Special Payments	-	-	100,000,000	-	-	-	100,000,000
Total Special Payments	\$100,000,000	-	\$100,000,000	-	-	-	\$200,000,000
Total Expenditures							
Total Expenditures	100,000,000	-	100,000,000	-	-	-	200,000,000
Total Expenditures	\$100,000,000	-	\$100,000,000	-	-	-	\$200,000,000
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 813 - Policy Bills

Cross Reference Name: Employer Resolution Programs
Cross Reference Number: 45900-200-00-00-00000

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

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 813 - Policy Bills

Cross Reference Name: Employer Incentive Fund
Cross Reference Number: 45900-200-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	100,000,000	-	-	-	-	-	100,000,000
Transfer In - Intrafund	-	-	-	-	-	-	-
Transfer from General Fund	-	-	100,000,000	-	-	-	100,000,000
Total Revenues	\$100,000,000	-	\$100,000,000	-	-	-	\$200,000,000
Transfers Out							
Transfer Out - Intrafund	-	-	-	-	-	-	-
Transfer to Other	-	-	-	-	-	-	-
Total Transfers Out	-	-	-	-	-	-	-
Special Payments							
Intra-Agency Gen Fund Transfer	100,000,000	-	-	-	-	-	100,000,000
Other Special Payments	-	-	100,000,000	-	-	-	100,000,000
Total Special Payments	\$100,000,000	-	\$100,000,000	-	-	-	\$200,000,000
Total Expenditures							
Total Expenditures	100,000,000	-	100,000,000	-	-	-	200,000,000
Total Expenditures	\$100,000,000	-	\$100,000,000	-	-	-	\$200,000,000
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 813 - Policy Bills

Cross Reference Name: Employer Incentive Fund
Cross Reference Number: 45900-200-01-00-00000

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

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
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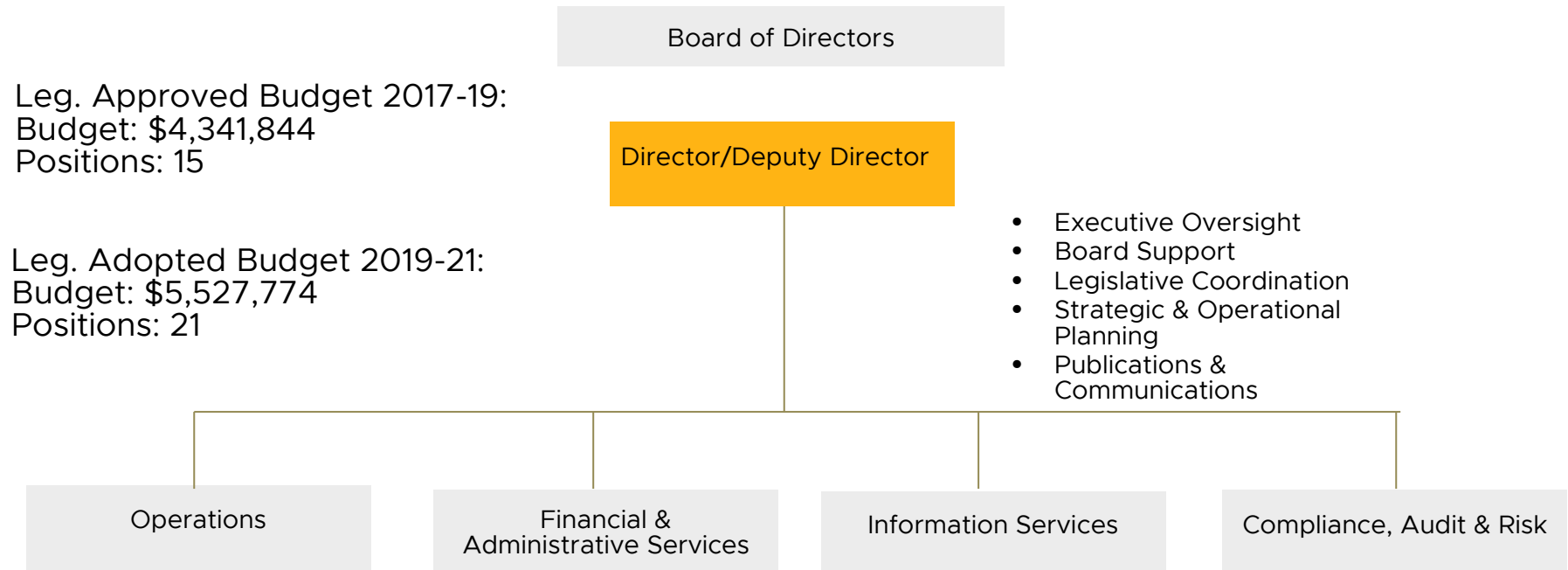
BUDGET NARRATIVE

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 the central direction, planning, and leadership for PERS. The division consists of:

- Executive director;
- Deputy director;
- Senior policy director;
- Member Engagement and Communications Director;
- Strategic and Operational Planning Section; and
- An executive specialist.

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.

Program Funding Request

Business Case: Maintain Service Levels Package 104

The Central Administration Division is requesting 1 full time permanent Principal Executive Manager E position to centralize agency communications. This position will lead, support and build a comprehensive internal and external communications strategy for PERS.

PERS is in need of a Communications Officer who is knowledgeable about the system and can serve as a spokesperson. There is a steep learning curve to understand the complicated retirement system to the point where one can articulate to stakeholders these extremely complex issues. Upcoming changes within the agency place additional importance on the external communications role. In addition to a new Executive Director and a new Board Chair, PERS has some key legislation to implement within the current calendar year and expects additional changes in the future.

Costs for FTE's are as follows:

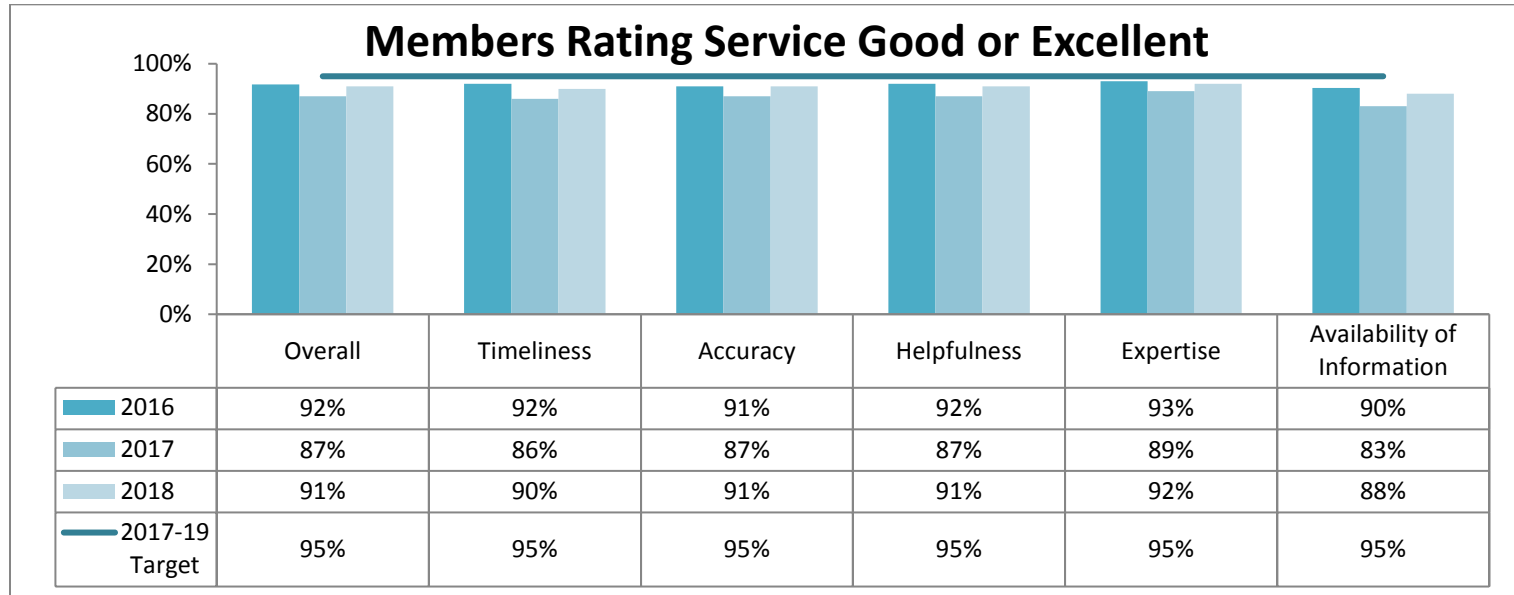
Personal Services	\$231,908
Services & Supplies	<u>\$12,323</u>

Total Cost	\$244,231
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Total number of permanent positions: 1.00 FTE

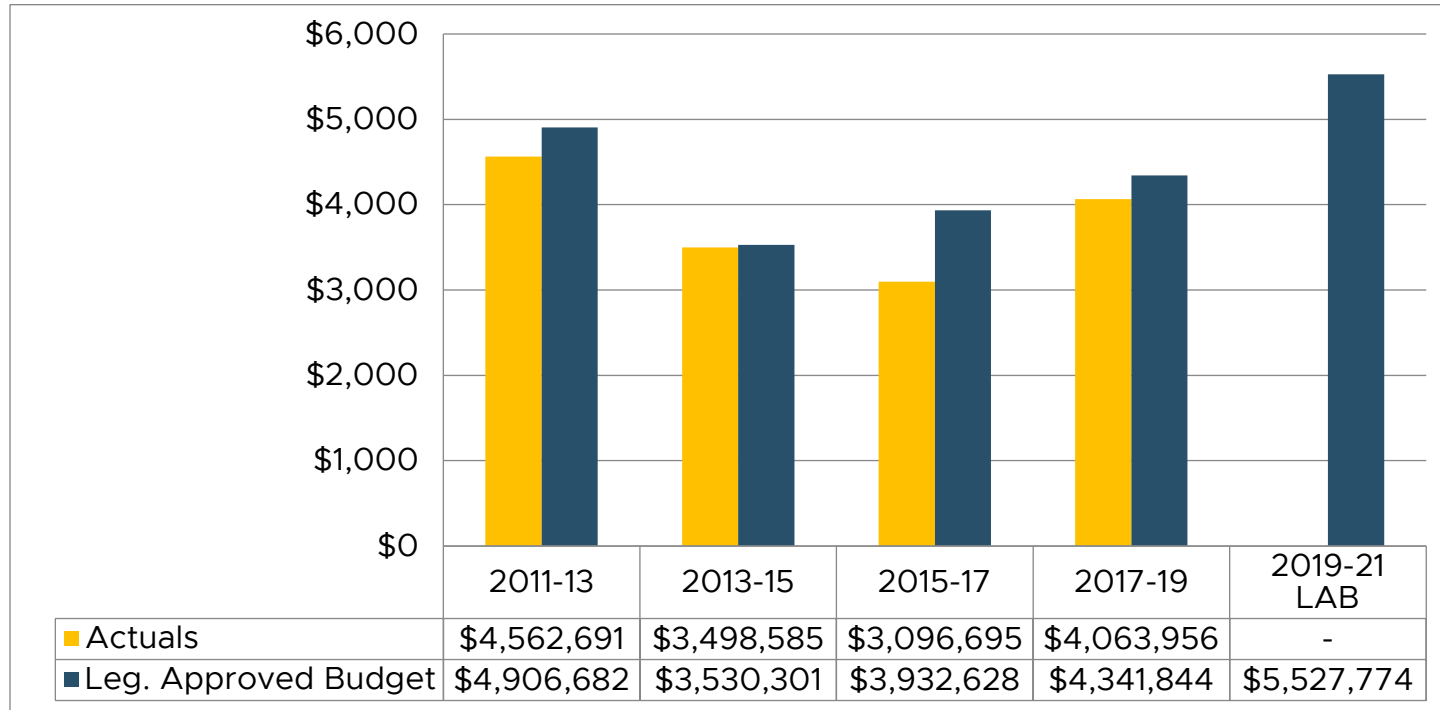
BUDGET NARRATIVE

Program Justification and Link to Long Term Outcomes



BUDGET NARRATIVE

Program Budget Performance



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 2017-19

Requested Limited Other Funds reflect an increase of \$350,958 above the 2017-19 operating budget of \$4,341,844 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.

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	Amount	FTE
Operating Budget, Limited Only	4,083,600	15.00
Non Limited		
Total 2017-19 LAB	4,083,600	15.00
	Amount	FTE
Base Budget Limited	4,267,735	15.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	75,931	
Pkg. 021 Phase In		
Pkg. 022 Phase Out Program and One Time Costs		
Pkg. 031 Standard Inflation	24,313	
Pkg. 032 Above Standard Inflation		
Pkg. 060 Technical Adjustments	88,000	
Subtotal Essential Packages	188,244	
Subtotal Current Service Level	4,455,979	15.00
Legislatively Adopted Policy Packages		
Pkg. 081 September 2018 Emergency Board	704,393	4.00
Pkg. 805 Operational Implementation	388,736	2.00
Pkg. 810 HB 5050 Statewide Adjustments	(21,334)	
Subtotal Policy Packages	1,071,795	6.00
2019-21 Total Legislatively Adopted Budget	5,527,774	21.00

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
Personal Services							
Temporary Appointments	-	-	393	-	-	-	393
Overtime Payments	-	-	89	-	-	-	89
All Other Differential	-	-	2,025	-	-	-	2,025
Public Employees' Retire Cont	-	-	359	-	-	-	359
Pension Obligation Bond	-	-	14,018	-	-	-	14,018
Social Security Taxes	-	-	192	-	-	-	192
Mass Transit Tax	-	-	774	-	-	-	774
Vacancy Savings	-	-	58,081	-	-	-	58,081
Total Personal Services	-	-	\$75,931	-	-	-	\$75,931
Total Expenditures							
Total Expenditures	-	-	75,931	-	-	-	75,931
Total Expenditures	-	-	\$75,931	-	-	-	\$75,931
Ending Balance							
Ending Balance	-	-	(75,931)	-	-	-	(75,931)
Total Ending Balance	-	-	(\$75,931)	-	-	-	(\$75,931)

2019-21 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
2019-21

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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
Services & Supplies							
Employee Training	-	-	86	-	-	-	86
Office Expenses	-	-	190	-	-	-	190
Telecommunications	-	-	7	-	-	-	7
State Gov. Service Charges	-	-	2,660	-	-	-	2,660
Professional Services	-	-	329	-	-	-	329
Attorney General	-	-	20,871	-	-	-	20,871
Dues and Subscriptions	-	-	82	-	-	-	82
Expendable Prop 250 - 5000	-	-	41	-	-	-	41
IT Expendable Property	-	-	47	-	-	-	47
Total Services & Supplies	-	-	\$24,313	-	-	-	\$24,313
Total Expenditures							
Total Expenditures	-	-	24,313	-	-	-	24,313
Total Expenditures	-	-	\$24,313	-	-	-	\$24,313
Ending Balance							
Ending Balance	-	-	(24,313)	-	-	-	(24,313)
Total Ending Balance	-	-	(\$24,313)	-	-	-	(\$24,313)

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted

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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
Services & Supplies							
Instate Travel	-	-	8,000	-	-	-	8,000
Employee Training	-	-	80,000	-	-	-	80,000
Total Services & Supplies	-	-	\$88,000	-	-	-	\$88,000
Total Expenditures							
Total Expenditures	-	-	88,000	-	-	-	88,000
Total Expenditures	-	-	\$88,000	-	-	-	\$88,000
Ending Balance							
Ending Balance	-	-	(88,000)	-	-	-	(88,000)
Total Ending Balance	-	-	(\$88,000)	-	-	-	(\$88,000)

2019-21 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 081 - September 2018 Emergency Board

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	451,920	-	-	-	451,920
Empl. Rel. Bd. Assessments	-	-	244	-	-	-	244
Public Employees' Retire Cont	-	-	76,690	-	-	-	76,690
Social Security Taxes	-	-	34,571	-	-	-	34,571
Worker's Comp. Assess. (WCD)	-	-	232	-	-	-	232
Flexible Benefits	-	-	140,736	-	-	-	140,736
Reconciliation Adjustment	-	-	-	-	-	-	-
Total Personal Services	-	-	\$704,393	-	-	-	\$704,393
Total Expenditures							
Total Expenditures	-	-	704,393	-	-	-	704,393
Total Expenditures	-	-	\$704,393	-	-	-	\$704,393
Ending Balance							
Ending Balance	-	-	(704,393)	-	-	-	(704,393)
Total Ending Balance	-	-	(\$704,393)	-	-	-	(\$704,393)
Total Positions							
Total Positions							4
Total Positions	-	-	-	-	-	-	4

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Essential and Policy Package Fiscal Impact Summary - BPR013

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 081 - September 2018 Emergency Board

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
Total FTE							
Total FTE							4.00
Total FTE	-	-	-	-	-	-	4.00

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
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BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 104 - Maintaining Current Services

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
Personal Services							
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	-	-	-	-	-	-	-
Total Personal Services	-	-	-	-	-	-	-
Services & Supplies							
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 104 - Maintaining Current Services

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
Total Positions							
Total Positions							-
Total Positions	-	-	-	-	-	-	-
Total FTE							
Total FTE							-
Total FTE	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
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BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 805 - Operational Implementation

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	238,694	-	-	-	238,694
Empl. Rel. Bd. Assessments	-	-	116	-	-	-	116
Public Employees' Retire Cont	-	-	40,506	-	-	-	40,506
Social Security Taxes	-	-	18,260	-	-	-	18,260
Worker's Comp. Assess. (WCD)	-	-	112	-	-	-	112
Mass Transit Tax	-	-	1,432	-	-	-	1,432
Flexible Benefits	-	-	67,436	-	-	-	67,436
Reconciliation Adjustment	-	-	2	-	-	-	2
Total Personal Services	-	-	\$366,558	-	-	-	\$366,558
Services & Supplies							
Employee Training	-	-	2,178	-	-	-	2,178
Office Expenses	-	-	10,000	-	-	-	10,000
Expendable Prop 250 - 5000	-	-	2,000	-	-	-	2,000
IT Expendable Property	-	-	8,000	-	-	-	8,000
Total Services & Supplies	-	-	\$22,178	-	-	-	\$22,178
Total Expenditures							
Total Expenditures	-	-	388,736	-	-	-	388,736
Total Expenditures	-	-	\$388,736	-	-	-	\$388,736

2019-21 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request Governor's ☒ Legislatively Adopted
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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 805 - Operational Implementation

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
Ending Balance							
Ending Balance	-	-	(388,736)	-	-	-	(388,736)
Total Ending Balance	-	-	(\$388,736)	-	-	-	(\$388,736)
Total Positions							
Total Positions							2
Total Positions	-	-	-	-	-	-	2
Total FTE							
Total FTE							1.92
Total FTE	-	-	-	-	-	-	1.92

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's ☒ Legislatively Adopted
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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
Personal Services							
Reconciliation Adjustment	-	-	(16,304)	-	-	-	(16,304)
Total Personal Services	-	-	(\$16,304)	-	-	-	(\$16,304)
Services & Supplies							
Attorney General	-	-	(5,030)	-	-	-	(5,030)
Total Services & Supplies	-	-	(\$5,030)	-	-	-	(\$5,030)
Total Expenditures							
Total Expenditures	-	-	(21,334)	-	-	-	(21,334)
Total Expenditures	-	-	(\$21,334)	-	-	-	(\$21,334)
Ending Balance							
Ending Balance	-	-	21,334	-	-	-	21,334
Total Ending Balance	-	-	\$21,334	-	-	-	\$21,334

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted

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BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900

Cross Reference Number: 45900-500-01-00-00000

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Charges for Services	292,597	-	-	-	-	-
Interest Income	2,493	-	-	-	-	-
Other Revenues	26,249	-	-	-	-	-
Transfer In - Intrafund	3,166,912	3,653,933	4,286,154	4,700,210	4,700,210	5,527,774
Total Other Funds	\$3,488,251	\$3,653,933	\$4,286,154	\$4,700,210	\$4,700,210	\$5,527,774

2019-21 Biennium

Detail of LF, OF, and FF Revenues - BPR012

____ Agency Request ____ Governor's X Legislatively Adopted
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BUDGET NARRATIVE

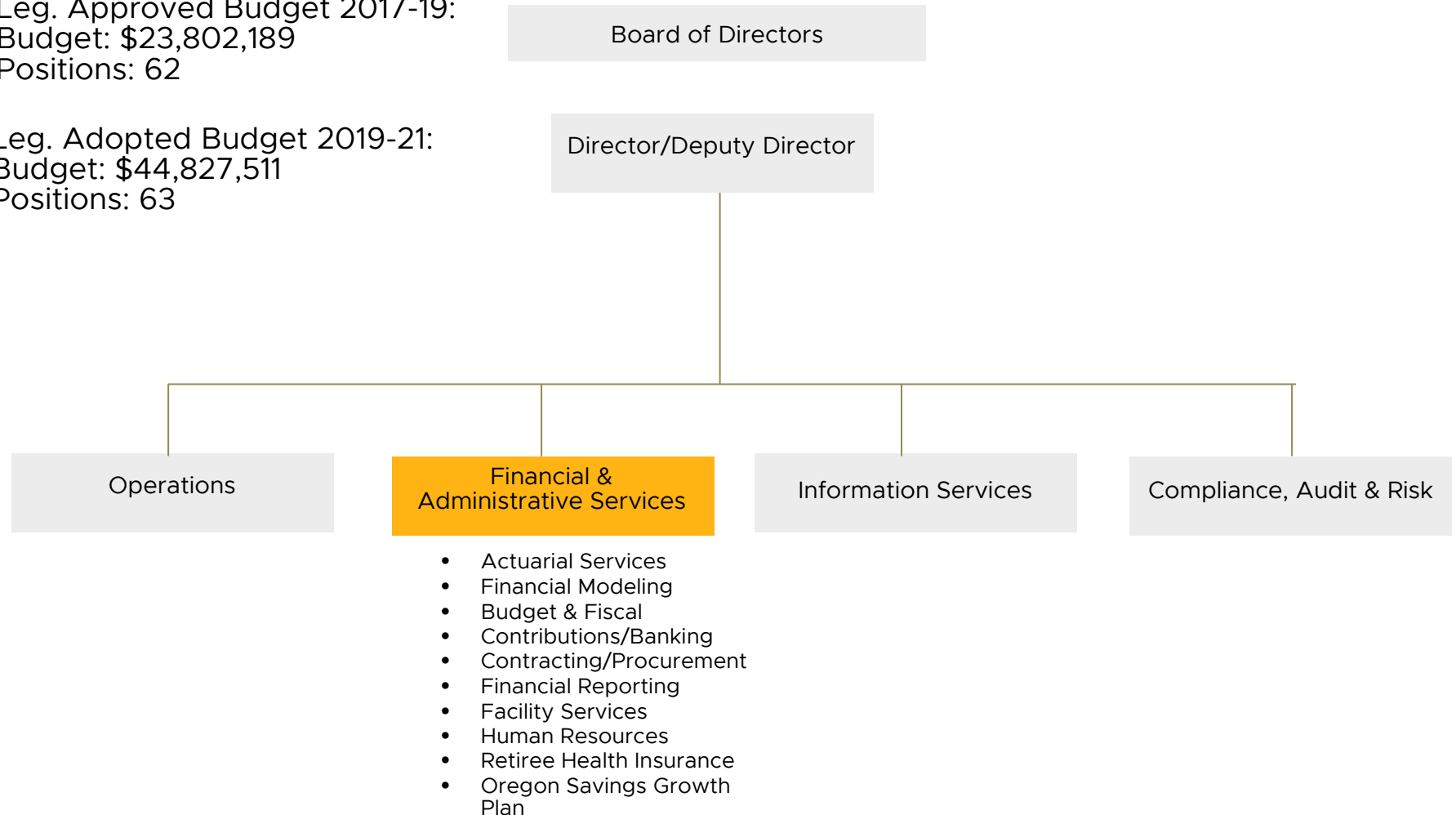
Financial and Administrative Services Division

Program Contact: Robert Horsford, 503.431.8970

PERS: Financial & Administrative Services Division

Leg. Approved Budget 2017-19:
Budget: \$23,802,189
Positions: 62

Leg. Adopted Budget 2019-21:
Budget: \$44,827,511
Positions: 63



BUDGET NARRATIVE

FASD Sections

Admin	FRS	ACTS	BFAP	PFL	OSGP	PHIP	HR
4/4.00 FTE	11/11.00 FTE	14/14.00 FTE	6/6.00 FTE	8/8.00 FTE	7/7.00 FTE	5/5.00 FTE	8/8.00 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	Budget management Payroll Accounts Payable Fiscal impact(s) Biennial forecasting Monthly, quarterly, annual budgetary statements	RFP, RFI and quotes for service Contracts Procurements General facility maintenance and resolving logistical issues in three separate buildings Mailroom Services Shipping Receiving	Deferred Compensation Education & Counseling to members Marketing & Communications Advisory group participant TPA contract Management Plan management	Health insurance program management Outreach, marketing and program communications Program policy and rule development and implementation Contract management of several complex health insurance programs valuing Marketing and communication Member Education	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

Executive Summary - Financial and Administrative Services

FASD has a diverse and broad scope of responsibilities; 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 responsibilities including the Retirement Fund, Deferred Compensation funds, Benefit Equalization Fund, Health Insurance, and Social Security Programs. FASD also includes Human Resources, PERS Retiree Health Insurance (PHIP) and the Oregon Savings Growth Plan (OSGP) Deferred Compensation programs are also integrated and managed within the division.

The Division is responsible for managing all the financial and human capital resources of the agency, as well as program service delivery to participants of the PHIP and OSGP programs. Through FASD management, we disburse over \$4.5 billion annually in member and beneficiary benefits and receive \$1.68 billion in member and employer contributions that are invested in the PERS fund.

FASD business functions include preparation and reporting of the agency's biennial budget, coordination of actuarial services, fiscal analysis, accounts receivable, accounts payable, and contracts and procurement. FASD also encompasses the facilities unit, which oversees agency mail services, forms printing, physical security, building maintenance, shipping, receiving, distribution, fleet maintenance & other functions. There are a total of eight (8) program areas:

- Support Services
- Financial Reporting and Actuarial Services
- Accounting, Cash & Tax
- Budget, Fiscal Analysis & Payroll
- Procurement, Facilities & Logistics
- Oregon Savings & Growth
- PERS Health Insurance Plan
- Human Resources

Support Services

Support Services provides technical and project management resources for FASD 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.

BUDGET NARRATIVE

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 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 & 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 & SHRIA) 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 & federal regulations and laws, and maintain adequate financial internal controls to meet the internal financial reporting requirements of PERS.

Budget, Fiscal Analysis & Payroll

Budget Fiscal Analysis & 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.

Procurement, Facilities & Logistics Program

Estimated at a minimum of 15 million dollars per biennium, the Procurement, Facilities & Logistics program area develops and implements all contracts, agreements, and procurements for OPERS. The team procurement and contract team prepares highly complex contracts for information technology, benefits, risk management, etc. Other work includes the oversight, establishment and adherence to rules and policies relating to requests for proposals, contractor selection, personal and professional service contracts, trade service contracts, as well as intergovernmental, interagency, lease purchase agreements and other procurements. There is consultation and technical advice provided to OPERS division management on contracting activities and appropriate and cost effective methods for procurement of goods and services.

This program also manages the maintenance and repairs of buildings and property for PERS Headquarters and leased facilities, and provides centralized support services for incoming and outgoing mail and deliveries, shuttle services between buildings, surplus property, fleet vehicles, security services, recycling, shredding and large volume copy jobs.

BUDGET NARRATIVE

Oregon Savings & Growth Plan

The Oregon Savings & Growth Plan (OSGP) provides comprehensive retirement information, education and counseling to all PERS active, inactive and retired members and their beneficiaries, to all state of Oregon and local government employees participating in or eligible for OSGP. Customer service is provided by telephone retirement counseling, through correspondence, conducting group presentations and workshops throughout the state. OSGP is responsible for developing, revising, maintaining, publishing and disseminating information to our members, legislators, other public offices and the media through publications and other forms and communicating information 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, advisory committees) and others for the purpose of sharing information and discussing investment options.

PERS Health Insurance Program

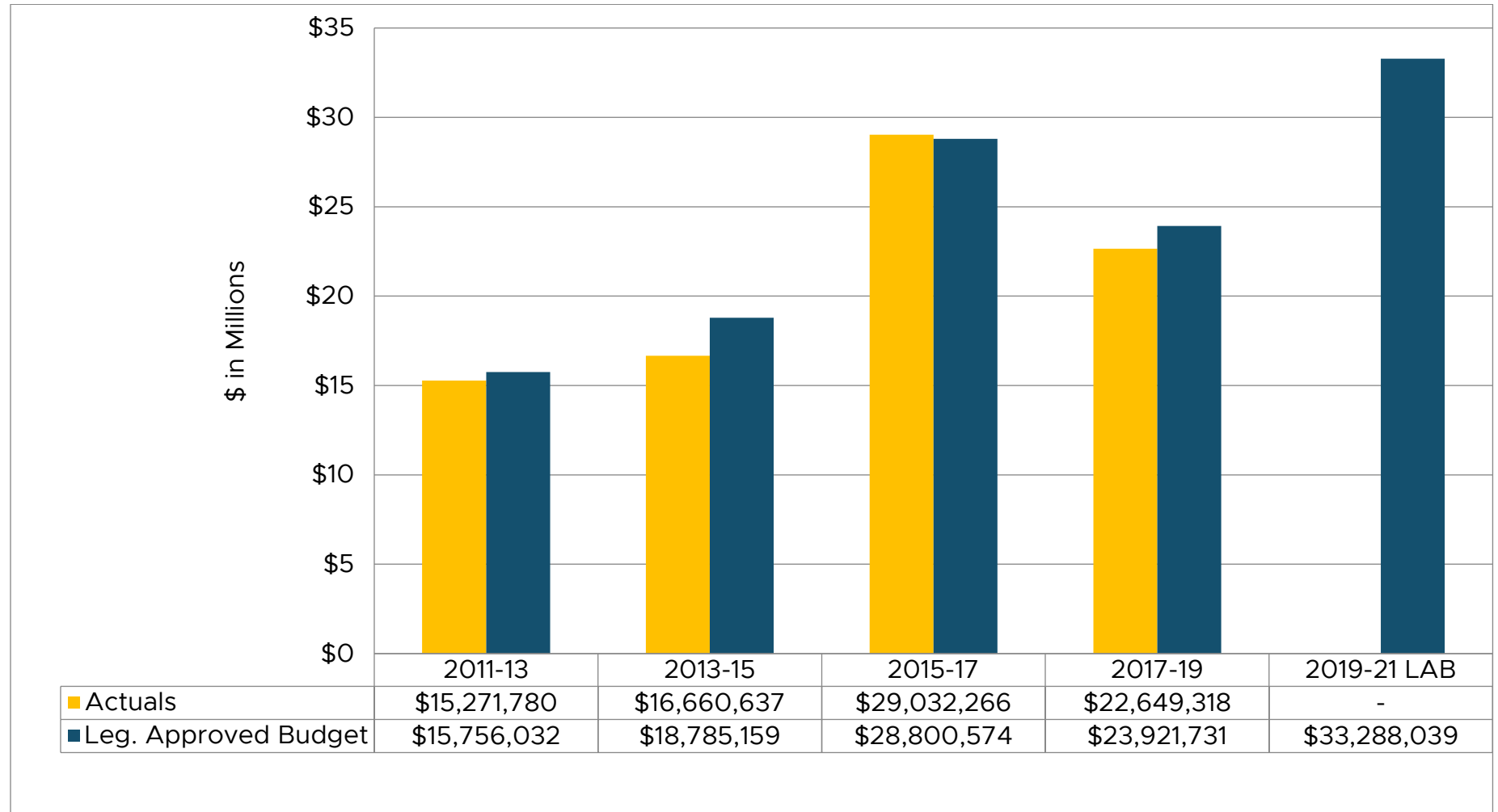
The PERS Health Insurance program is responsible for the administration of program health plan benefits for Medicare, non-Medicare and dental coverage to our PERS eligible retirees. The responsibilities include all member services, contract services and financial services necessary to provide health 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.

Human Resources

The Human Resource (HR) program is responsible for contributing to agency strategies, goals and objectives by providing human capital management, organizational development and training methodologies and expertise. HR is responsible for providing leadership and staff with information, interpretation and guidance regarding state and federal labor laws, state and agency policies, procedures, rules and interpreting collective bargaining contractual provisions. Other major responsibilities include but are not limited to, agency recruitment efforts, affirmative action plans and implementation, performance management, grievance management, determining and recommending compensation, classification and contributing to the outcomes of safety, benefits, wellness and other inner-agency deliverables. HR implements and provides guidance on ethical business practices, problem resolution, employee engagement, strategic and business planning and other core agency outcomes.

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, 2019. The System has received a Certificate of Achievement for the last 28 consecutive years.

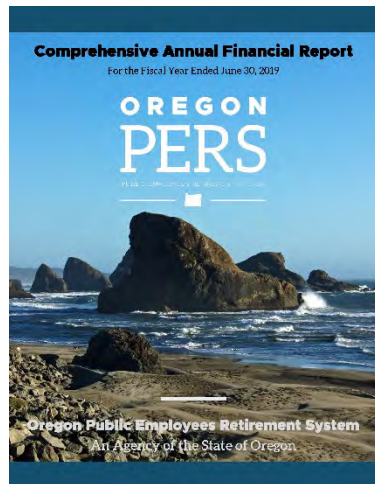
Public Pension Standards Award

The Public Pension Coordinating Council (PPCC) awarded the 2018 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 16th year the PPCC has offered the award to public retirement systems and the 15th 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 2017-19

Requested Limited Other Funds reflect an increase of \$6,516,662 above the 2017-19 operating budget of \$23,802,189 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
Operating Budget, Limited Only	23,317,940	62.50
Non Limited		
Total 2017-19 LAB	23,317,940	62.50
	Amount	FTE
Base Budget Limited	23,322,671	59.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	228,698	
Pkg. 021 Phase In		
Pkg. 022 Phase Out Program and One Time Costs	(379,805)	
Pkg. 031 Standard Inflation	6,052,604	
Pkg. 032 Above Standard Inflation	-	
Pkg. 060 Technical Adjustments	300,000	
Subtotal Essential Packages	6,201,497	
Subtotal Current Service Level	29,524,168	59.00
Policy Packages		
Pkg. 081 September Emergency Board	198,066	1.00
Pkg. 082 December Emergency Board	1,698,000	
Pkg. 90 CFO Analyst Adjustments	(183,430)	-
Pkg. 103 FASD Strategic Planning	357,679	1.00
Pkg. 107 Deferred Maintenance	1,161,555	-
Pkg. 801 LFO Analyst Adjustments	11,539,472	
Pkg. 805 Operational Implementation	595,862	4.00
Pkg. 810 HB5050 Statewide Adjustments	187,025	
Pkg. 812 Vacant Position Elimination	(250,886)	(1.00)
Subtotal Policy Packages	15,303,343	5.00
2019-21 Total Legislatively Adopted Budget	44,827,511	64.00

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
Personal Services							
Temporary Appointments	-	-	553	-	-	-	553
Overtime Payments	-	-	503	-	-	-	503
All Other Differential	-	-	973	-	-	-	973
Public Employees' Retire Cont	-	-	250	-	-	-	250
Pension Obligation Bond	-	-	10,589	-	-	-	10,589
Social Security Taxes	-	-	154	-	-	-	154
Unemployment Assessments	-	-	1,647	-	-	-	1,647
Mass Transit Tax	-	-	303	-	-	-	303
Vacancy Savings	-	-	213,726	-	-	-	213,726
Total Personal Services	-	-	\$228,698	-	-	-	\$228,698
Total Expenditures							
Total Expenditures	-	-	228,698	-	-	-	228,698
Total Expenditures	-	-	\$228,698	-	-	-	\$228,698
Ending Balance							
Ending Balance	-	-	(228,698)	-	-	-	(228,698)
Total Ending Balance	-	-	(\$228,698)	-	-	-	(\$228,698)

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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
Personal Services							
Mass Transit Tax	-	-	(1,610)	-	-	-	(1,610)
Total Personal Services	-	-	(\$1,610)	-	-	-	(\$1,610)
Services & Supplies							
Employee Training	-	-	(3,195)	-	-	-	(3,195)
Office Expenses	-	-	(15,000)	-	-	-	(15,000)
Other Services and Supplies	-	-	(360,000)	-	-	-	(360,000)
Total Services & Supplies	-	-	(\$378,195)	-	-	-	(\$378,195)
Total Expenditures							
Total Expenditures	-	-	(379,805)	-	-	-	(379,805)
Total Expenditures	-	-	(\$379,805)	-	-	-	(\$379,805)
Ending Balance							
Ending Balance	-	-	379,805	-	-	-	379,805
Total Ending Balance	-	-	\$379,805	-	-	-	\$379,805

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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
Services & Supplies							
Instate Travel	-	-	3,070	-	-	-	3,070
Out of State Travel	-	-	68	-	-	-	68
Employee Training	-	-	4,958	-	-	-	4,958
Office Expenses	-	-	38,424	-	-	-	38,424
State Gov. Service Charges	-	-	5,775,105	-	-	-	5,775,105
Publicity and Publications	-	-	270	-	-	-	270
Professional Services	-	-	86,917	-	-	-	86,917
Attorney General	-	-	25,029	-	-	-	25,029
Employee Recruitment and Develop	-	-	1,793	-	-	-	1,793
Dues and Subscriptions	-	-	364	-	-	-	364
Facilities Rental and Taxes	-	-	36,657	-	-	-	36,657
Fuels and Utilities	-	-	11,329	-	-	-	11,329
Facilities Maintenance	-	-	48,983	-	-	-	48,983
Other COP Costs	-	-	106	-	-	-	106
Other Services and Supplies	-	-	16,515	-	-	-	16,515
Expendable Prop 250 - 5000	-	-	741	-	-	-	741
IT Expendable Property	-	-	915	-	-	-	915
Total Services & Supplies	-	-	\$6,051,244	-	-	-	\$6,051,244
Capital Outlay							
Office Furniture and Fixtures	-	-	1,360	-	-	-	1,360
Total Capital Outlay	-	-	\$1,360	-	-	-	\$1,360

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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
Services & Supplies							
Office Expenses	-	-	300,000	-	-	-	300,000
Total Services & Supplies	-	-	\$300,000	-	-	-	\$300,000
Total Expenditures							
Total Expenditures	-	-	300,000	-	-	-	300,000
Total Expenditures	-	-	\$300,000	-	-	-	\$300,000
Ending Balance							
Ending Balance	-	-	(300,000)	-	-	-	(300,000)
Total Ending Balance	-	-	(\$300,000)	-	-	-	(\$300,000)

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 081 - September 2018 Emergency Board

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	130,608	-	-	-	130,608
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	22,164	-	-	-	22,164
Social Security Taxes	-	-	9,991	-	-	-	9,991
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Flexible Benefits	-	-	35,184	-	-	-	35,184
Reconciliation Adjustment	-	-	-	-	-	-	-
Total Personal Services	-	-	\$198,066	-	-	-	\$198,066
Total Expenditures							
Total Expenditures	-	-	198,066	-	-	-	198,066
Total Expenditures	-	-	\$198,066	-	-	-	\$198,066
Ending Balance							
Ending Balance	-	-	(198,066)	-	-	-	(198,066)
Total Ending Balance	-	-	(\$198,066)	-	-	-	(\$198,066)
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 081 - September 2018 Emergency Board

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
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 082 - December 2018 EBoard

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
Services & Supplies							
State Gov. Service Charges	-	-	-	-	-	-	-
Professional Services	-	-	1,698,000	-	-	-	1,698,000
Total Services & Supplies	-	-	\$1,698,000	-	-	-	\$1,698,000
Total Expenditures							
Total Expenditures	-	-	1,698,000	-	-	-	1,698,000
Total Expenditures	-	-	\$1,698,000	-	-	-	\$1,698,000
Ending Balance							
Ending Balance	-	-	(1,698,000)	-	-	-	(1,698,000)
Total Ending Balance	-	-	(\$1,698,000)	-	-	-	(\$1,698,000)

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 090 - Analyst 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
Services & Supplies							
Facilities Rental and Taxes	-	-	(183,430)	-	-	-	(183,430)
Total Services & Supplies	-	-	(\$183,430)	-	-	-	(\$183,430)
Total Expenditures							
Total Expenditures	-	-	(183,430)	-	-	-	(183,430)
Total Expenditures	-	-	(\$183,430)	-	-	-	(\$183,430)
Ending Balance							
Ending Balance	-	-	183,430	-	-	-	183,430
Total Ending Balance	-	-	\$183,430	-	-	-	\$183,430

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 103 - FASD Strategic Fulfillment

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	108,336	-	-	-	108,336
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	18,385	-	-	-	18,385
Social Security Taxes	-	-	8,288	-	-	-	8,288
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Mass Transit Tax	-	-	650	-	-	-	650
Flexible Benefits	-	-	35,184	-	-	-	35,184
Total Personal Services	-	-	\$170,962	-	-	-	\$170,962
Services & Supplies							
Employee Training	-	-	1,097	-	-	-	1,097
Office Expenses	-	-	5,000	-	-	-	5,000
Professional Services	-	-	-	-	-	-	-
Facilities Maintenance	-	-	-	-	-	-	-
Other Services and Supplies	-	-	175,620	-	-	-	175,620
Expendable Prop 250 - 5000	-	-	1,000	-	-	-	1,000
IT Expendable Property	-	-	4,000	-	-	-	4,000
Total Services & Supplies	-	-	\$186,717	-	-	-	\$186,717
Total Expenditures							
Total Expenditures	-	-	357,679	-	-	-	357,679
Total Expenditures	-	-	\$357,679	-	-	-	\$357,679

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 103 - FASD Strategic Fulfillment

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
Ending Balance							
Ending Balance	-	-	(357,679)	-	-	-	(357,679)
Total Ending Balance	-	-	(\$357,679)	-	-	-	(\$357,679)
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 107 - Deferred Maintenance

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
Services & Supplies							
Facilities Maintenance	-	-	1,161,555	-	-	-	1,161,555
Total Services & Supplies	-	-	\$1,161,555	-	-	-	\$1,161,555
Total Expenditures							
Total Expenditures	-	-	1,161,555	-	-	-	1,161,555
Total Expenditures	-	-	\$1,161,555	-	-	-	\$1,161,555
Ending Balance							
Ending Balance	-	-	(1,161,555)	-	-	-	(1,161,555)
Total Ending Balance	-	-	(\$1,161,555)	-	-	-	(\$1,161,555)

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 801 - LFO Analyst 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
Special Payments							
Other Special Payments	-	-	11,539,472	-	-	-	11,539,472
Total Special Payments	-	-	\$11,539,472	-	-	-	\$11,539,472
Total Expenditures							
Total Expenditures	-	-	11,539,472	-	-	-	11,539,472
Total Expenditures	-	-	\$11,539,472	-	-	-	\$11,539,472
Ending Balance							
Ending Balance	-	-	(11,539,472)	-	-	-	(11,539,472)
Total Ending Balance	-	-	(\$11,539,472)	-	-	-	(\$11,539,472)

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 805 - Operational Implementation

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	335,622	-	-	-	335,622
Empl. Rel. Bd. Assessments	-	-	212	-	-	-	212
Public Employees' Retire Cont	-	-	56,956	-	-	-	56,956
Social Security Taxes	-	-	25,676	-	-	-	25,676
Worker's Comp. Assess. (WCD)	-	-	204	-	-	-	204
Mass Transit Tax	-	-	2,014	-	-	-	2,014
Flexible Benefits	-	-	123,144	-	-	-	123,144
Reconciliation Adjustment	-	-	7,678	-	-	-	7,678
Total Personal Services	-	-	\$551,506	-	-	-	\$551,506
Services & Supplies							
Employee Training	-	-	4,356	-	-	-	4,356
Office Expenses	-	-	20,000	-	-	-	20,000
Expendable Prop 250 - 5000	-	-	4,000	-	-	-	4,000
IT Expendable Property	-	-	16,000	-	-	-	16,000
Total Services & Supplies	-	-	\$44,356	-	-	-	\$44,356
Total Expenditures							
Total Expenditures	-	-	595,862	-	-	-	595,862
Total Expenditures	-	-	\$595,862	-	-	-	\$595,862

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 805 - Operational Implementation

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
Ending Balance							
Ending Balance	-	-	(595,862)	-	-	-	(595,862)
Total Ending Balance	-	-	(\$595,862)	-	-	-	(\$595,862)
Total Positions							
Total Positions							4
Total Positions	-	-	-	-	-	-	4
Total FTE							
Total FTE							3.52
Total FTE	-	-	-	-	-	-	3.52

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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

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Reconciliation Adjustment	-	-	(48,513)	-	-	-	(48,513)
Total Personal Services	-	-	(\$48,513)	-	-	-	(\$48,513)
Services & Supplies							
Instate Travel	-	-	(6,825)	-	-	-	(6,825)
Office Expenses	-	-	(4,978)	-	-	-	(4,978)
State Gov. Service Charges	-	-	343,963	-	-	-	343,963
Attorney General	-	-	(6,032)	-	-	-	(6,032)
Facilities Rental and Taxes	-	-	(30,055)	-	-	-	(30,055)
Facilities Maintenance	-	-	(67,345)	-	-	-	(67,345)
Other Services and Supplies	-	-	6,810	-	-	-	6,810
Total Services & Supplies	-	-	\$235,538	-	-	-	\$235,538
Total Expenditures							
Total Expenditures	-	-	187,025	-	-	-	187,025
Total Expenditures	-	-	\$187,025	-	-	-	\$187,025
Ending Balance							
Ending Balance	-	-	(187,025)	-	-	-	(187,025)
Total Ending Balance	-	-	(\$187,025)	-	-	-	(\$187,025)

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 812 - Vacant Position Elimination

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	(172,992)	-	-	-	(172,992)
Empl. Rel. Bd. Assessments	-	-	(61)	-	-	-	(61)
Public Employees' Retire Cont	-	-	(29,357)	-	-	-	(29,357)
Social Security Taxes	-	-	(13,234)	-	-	-	(13,234)
Worker's Comp. Assess. (WCD)	-	-	(58)	-	-	-	(58)
Flexible Benefits	-	-	(35,184)	-	-	-	(35,184)
Total Personal Services	-	-	(\$250,886)	-	-	-	(\$250,886)
Total Expenditures							
Total Expenditures	-	-	(250,886)	-	-	-	(250,886)
Total Expenditures	-	-	(\$250,886)	-	-	-	(\$250,886)
Ending Balance							
Ending Balance	-	-	250,886	-	-	-	250,886
Total Ending Balance	-	-	\$250,886	-	-	-	\$250,886
Total Positions							
Total Positions							(1)
Total Positions	-	-	-	-	-	-	(1)
Total FTE							
Total FTE							(1.00)
Total FTE	-	-	-	-	-	-	(1.00)

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900
Cross Reference Number: 45900-500-03-00-00000

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Charges for Services	2,383,383	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
Interest Income	38,432	25,850	25,850	25,850	25,850	25,850
Other Revenues	9,652	50,000	50,000	50,000	50,000	50,000
Transfer In - Intrafund	25,846,574	20,076,011	20,507,671	30,573,327	30,573,327	42,057,764
Total Other Funds	\$28,278,041	\$23,451,861	\$23,883,521	\$33,949,177	\$33,949,177	\$45,433,614

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Detail of LF, OF, and FF Revenues - BPR012

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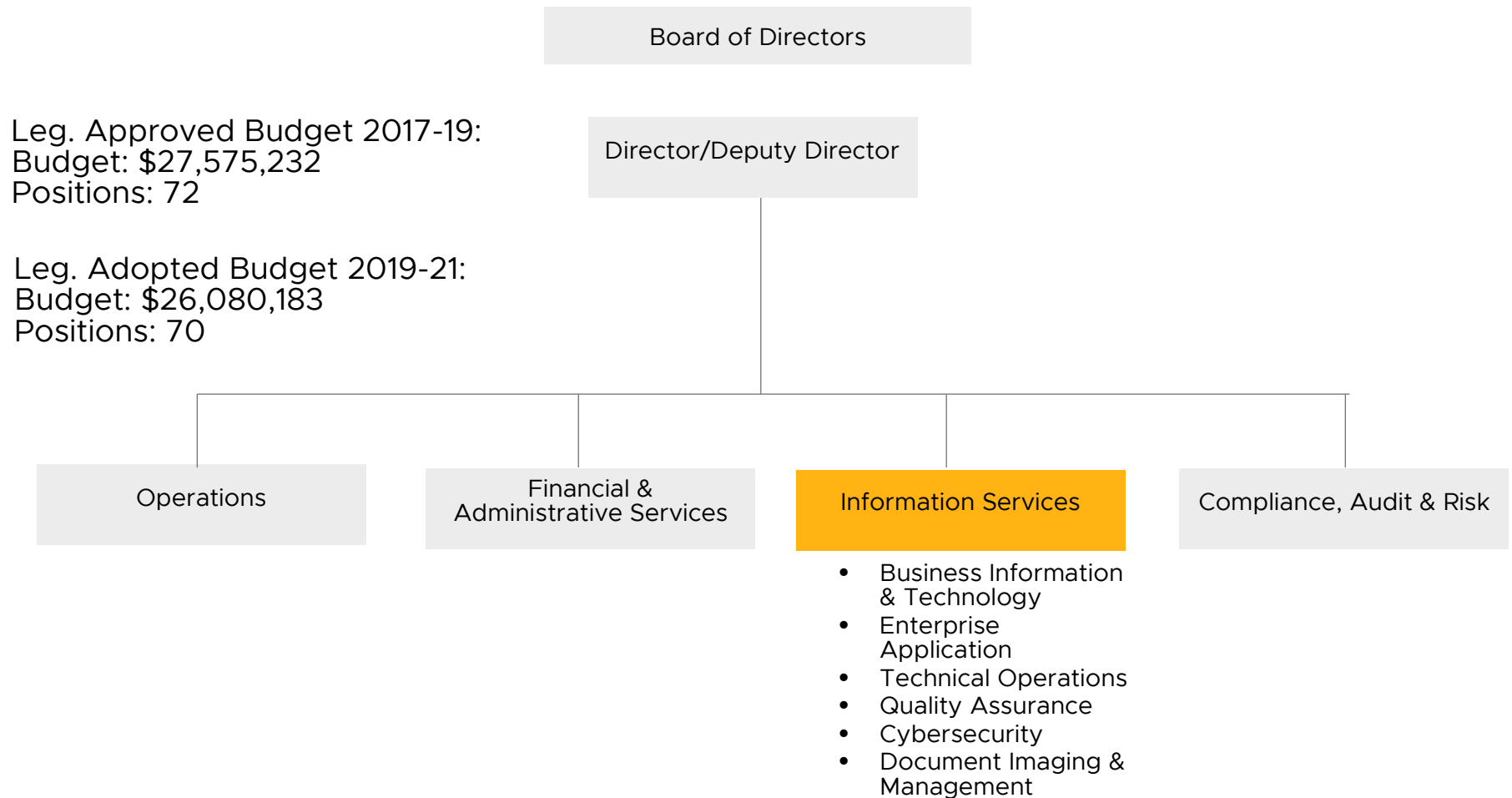
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BUDGET NARRATIVE

Information Services Division

Program Contact: Jordan Masanga, 503.603.7702

PERS: Information Services Division



BUDGET NARRATIVE

ISD Sections

EAS	ECMS	TOS	Administration
23/23.00 FTE	22/22.00 FTE	18/18.00 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	IT Project Management PERS Enterprise Architecture Team IT QA Process IT Risk Management IT Metrics IT Contracts Administration General Division Administrative Support

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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 Funding Request

ISD is requesting funding for 2 positions to maintain services in the IT development and maintenance in both ECMS and EAS teams. ECMS is asking for one ISS6 Developer in support of the increase in business needs for electronic content solutions and integration between our primary content repository and other electronic systems that contain agency information. With this resource, ECMS can leverage our existing enterprise content management system to automate further manual tasks that often takes weeks to complete to a day or so. EAS is asking for one ISS6 Test Analyst in support of automated system and user testing of ORION. With this resource EAS can automate the manual testing of hundreds and thousands of verification points that it takes to validate regression testing of large enterprise-wide changes in ORION. This testing requires staff to get pulled-off from daily operations and spend days and sometimes weeks to manually test changes in ORION. With the ISS6 Test Analyst, the automation could reduce testing down to a matter of hours.

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.

BUDGET NARRATIVE

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.

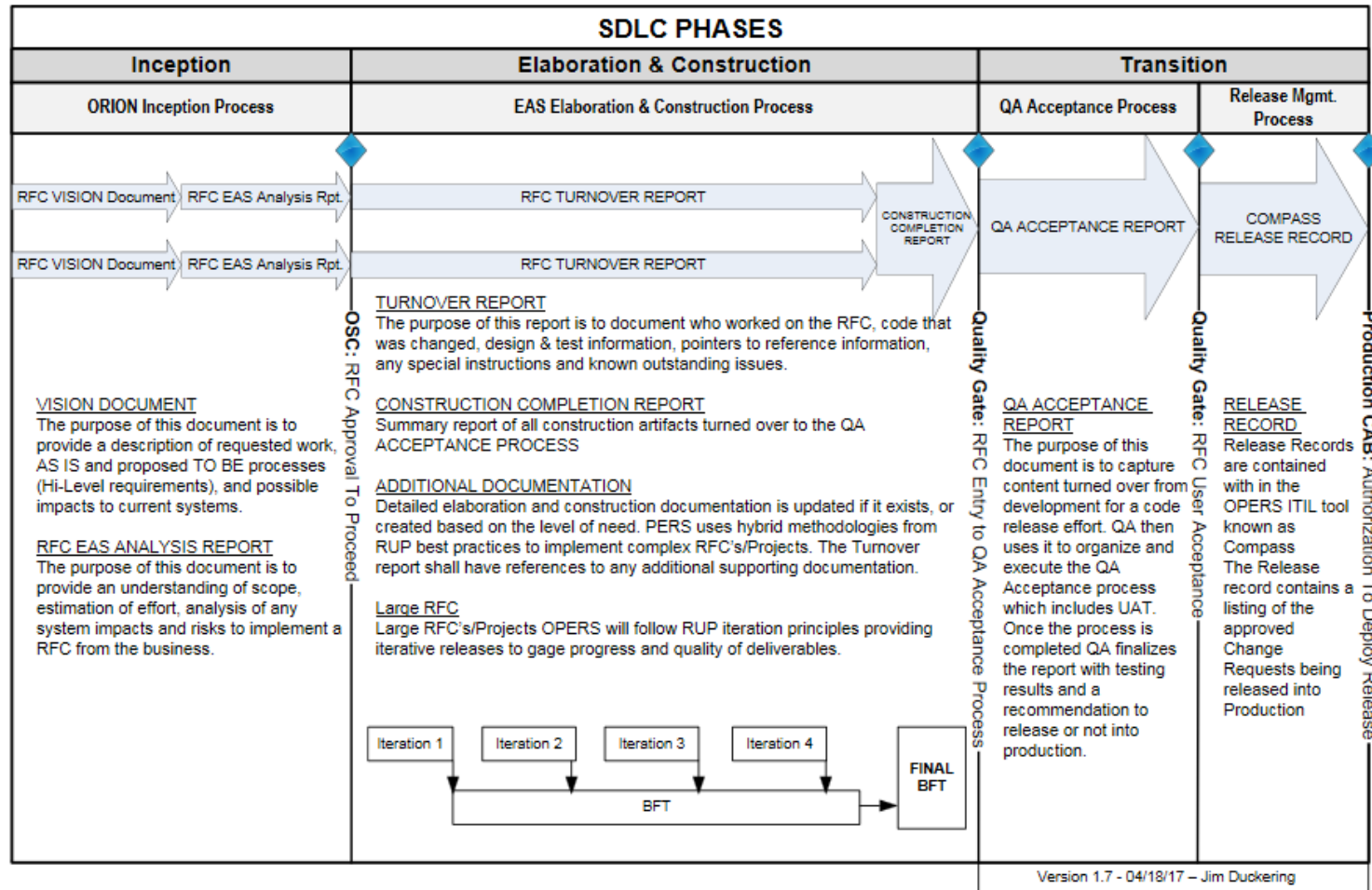
Enterprise Application Section (EAS) provides the maintenance, enhancements and Software Development Life Cycle (SDLC) process to support ORION to meet the agency needs. EAS has adopted the Rational Unified Process (RUP) as a guideline to manage the wide variety of development activities to automate 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.

BUDGET NARRATIVE

PERS Software Development Life Cycle (SDLC)

Basic Process Principles and Required Documentation for Business Request For Changes (RFC)

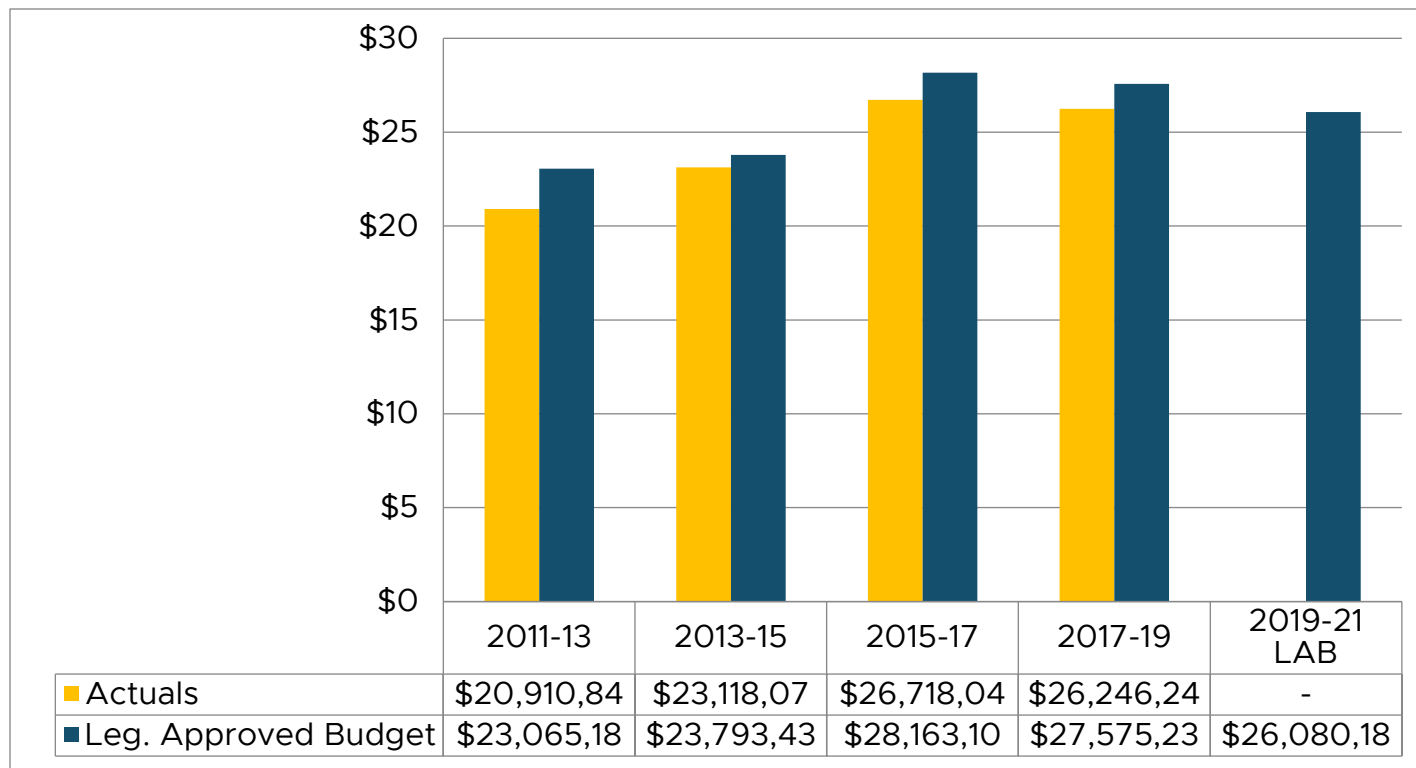


BUDGET NARRATIVE

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.

Program Budget Performance



BUDGET NARRATIVE

Program Performance

The following metrics indicate volume and performance.

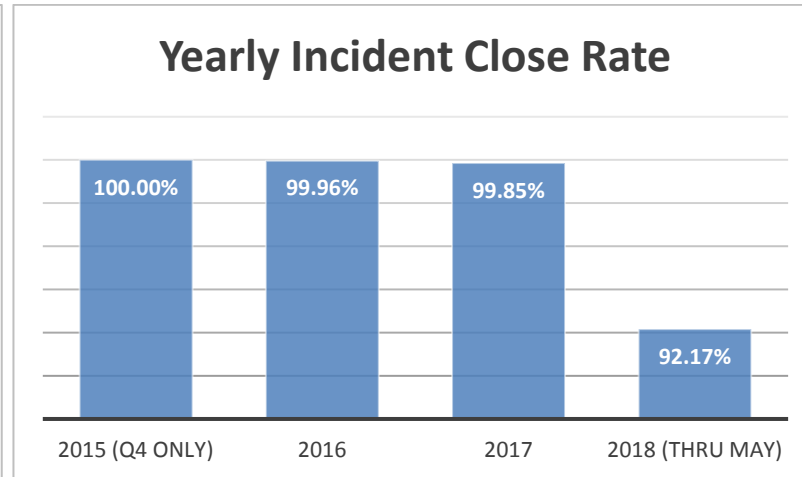
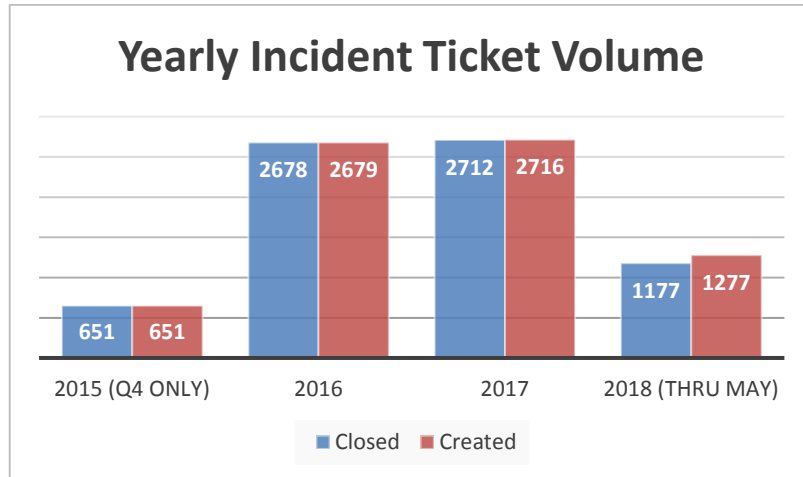
Technical Operations is currently working on service level metrics and will be able to showcase service levels at a detailed level to indicate quality of service, not just the quantity. For now, the reporting we have is solely based on quantity.

- Number of site locations to be supported: 3
- Number of staff supported over last 5 years: 400+
- Average monthly ticket count per team member: 49

* Ticketing data is unavailable prior to Q4 of 2015 due to a migration from the old ticketing system to the new one.

** Project data is unavailable prior to 2017 as the data was not historically kept at that time.

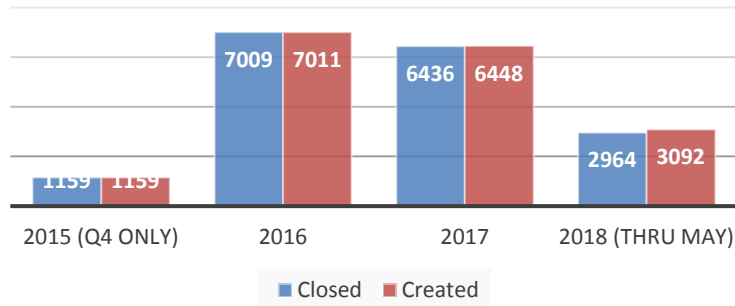
*** QTR metrics only show last quarter



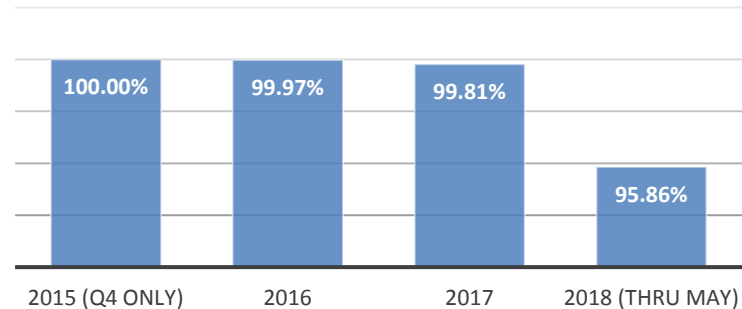
Incidents are unplanned interruptions or reductions in quality to an IT service. These metrics indicate the volume of incoming incidents and the amount the teams were able to complete. The higher the close rate, the better the service level to the agency because this means problems are being addressed and getting fixed.

BUDGET NARRATIVE

Yearly Service Request Ticket Volume

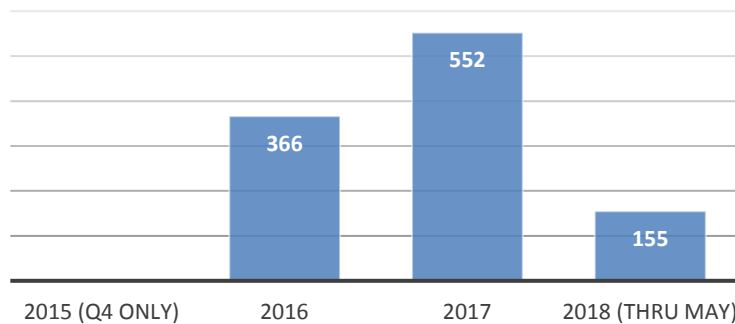


Yearly Service Request Close Rate

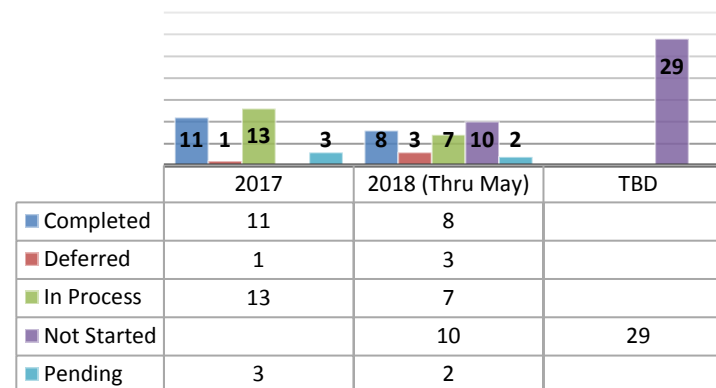


Service Requests are a formal request from a user for something to be provided – for example, a request for a software application be installed, or a desk move. The metrics indicate the amount of incoming requests and the amount the teams were able to complete. The higher the close rate, the better the service level to the agency because this means requests are being addressed and fulfilled.

Yearly Completed Change Requests



Project Status by Year



Change request are defined as requests where change need to be made to the environment and require review and approval by the change advisory board (CAB). This metric indicates the volume of completed changes performed by the team. Some changes can be complex and take several hours where some can be quick. Knowing the quantity helps with resource planning and staffing needs.

BUDGET NARRATIVE

In addition to tickets, teams are assigned projects ranging from extra-small (1 week) to extra-large (12+ months). This metric shows the volume and status of the projects. This information can be correlated to the above ticketing volume info. If ticket volume is lower and staff count stays the same, projects marked completed and in process should be higher.

PROCESS MEASURES: Consolidated Summary														
QTR : 2018 Q1 - Quarter ended March 31, 2018														
	Measure Name	Measure Calculation	RANGE			Target	Desired Perform Trend	Data Collection Frequency	Data Source	Meas Owner	Last Status	Current Status	Trend	Corrective Action & Comments
			Red	Yellow	Green									
SP3 Leveraging Technology (J. Masanga)														
Cost [or														
SP3a	Service Interruptions	# of business days in a month business systems are not available within the standard service window (mo. avg. by qtr.)	>5	3-5	<3	0.0	↓	Monthly	Compass	N. Mareello	6.0	1.0	+	Batch/PDW: 2 late finishes jClarety: 0 interruptions FileNet: 1 Interruption
Quality														
SP3d	Batch incidents	# of batch incidents / abends in month (mo. avg by qtr.)	>10	10-6	<6	3	↓	Monthly	Turnover Report	N. Mareello	5.0	3.3	+	Jan'18: 0 incidents Feb'18: 4 incidents Mar'18: 6 incidents
Time														
SP3h	System uptime	% of time ORION systems are available during the service window	<97%	97-98	>98%	100%	↑	Monthly	Compass	N. Mareello	99.31%	99.59%	+	Batch+PDW: 2 late finishes jClarety: 0 interruptions FileNet: 1 Interruption

Process measures are the specific steps in a process that lead positively or negatively to a particular outcome metric. The Technical Operations Section owns the above process measures.

- SP3a represents service interruptions to the agency's core systems. Without these systems, the agency cannot perform their core functions. A downward trend is ideal and should an upward trend be presented, this would show on the agency's outcome measures negatively. Keeping a close eye on this helps IT understand the impacts of failing technology to the business.
- SP3d represents a core process that executes nightly to process information in regards to the pension system. Should this service be unavailable, the agency cannot perform their core functions and compromised data integrity could exist. A upward trend would show negatively on the agency outcome measures. Ensuring this process stays at the ideal target range means the agency data is available and up to date.

BUDGET NARRATIVE

- SP3h indicates how often the systems are available and functional. Factoring maintenance and scheduled outages, this is important to stay above 98% as to minimize downtime for the agency. Any downward trend will show negatively on the agency's outcome measures.

For the Enterprise Content Management Section, the following statistics are provided:

PROCESS MEASURES: Consolidated Summary														
QTR: 2018 Q1 - Quarter ended March 31, 2018														
	Measure Name	Measure Calculation	RANGE			Target	Desired Perform.	Data Collectio	Data Source	Measure Owner	Last Status	Status	Trend	Corrective Action & Comments
			Red	Yellow	Green									
SP3 Leveraging Technology (J. Masanga)														
Time														
SP1d	Public records response time	% of public records requests responded to within 14 days of receipt	<80%	80-90	>90%	95%	↑	Quarterly	PR Report	A. Smith	100%	100%	=	18 request received this quarter

Process measures are the specific steps in a process that lead positively or negatively to a particular outcome metric. The Enterprise Content Management Section owns the above process measure.

BUDGET NARRATIVE

Program Volumes:

Records Management

Capture from	2011	2012	2013	2014	2015	2016	2017
FTE Supporting	1	1	1	1	1	1	1
Physical Storage/Vol Cubic Feet	866.4	892.6	1113.2	1025.5	896.6	856.9	483.6
Disposition – Physical Cubic Feet	0	17.03	305.7	175.3	160.2	127.7	370.3

1. 2011 Physical records moved from Iron Mountain to on site.
2. Volume is maintained by cubic feet.
3. Physical Record volume from 2012 to current includes additional volumes added less items disposed.
4. Disposition is based on OAR166-300 Oregon State Retention Schedules.

Imaging/Capture: Support FTE and Volume.

Capture from	2011	2012	2013	2014	2015	2016	2017
FTE Supporting	17	17	17	17	17	17	17
Paper & Film Capture	787357	591862	567205	459698	712271	537800	441838
Electronic Import –Avail in 2018							
Electronic Import – automated	1132040	506697	406772	473147	402572	550966	430351
Research	No data	No data	No data	5844	4695	5259	4861

1. Paper documents are incoming volumes of membership information and related documents entered into our electronic content management system. The majority of member documents use electronic workflow for delivery to business. Items are received via US Mail, Express Delivery, Fax, and some email.
2. Film conversions are documents migrated from physical film media to digital. SLA is 3 business days but most documents are converted within hours of requests.

Agency Request Governor's ☒ Legislatively Adopted

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BUDGET NARRATIVE

3. Electronic Import are internal documents are delivered to the imaging system via electronic capture. Operators within ECMS index to appropriate document classification. Implement in 2018.
4. Electronic Import – Automated are those documents where a bulk loading processes is used to ingest images without operator assistance other than the set up.
5. Research is by request and not image counts. Image count is included in the film conversion activity.

Public Record

Capture from	2011	2012	2013	2014	2015	2016	2017
FTE Supporting	2	2	2	2	2	2	2
Public Records Processing			80	60	90	83	69
Subpoena Processing			49	54	42	55	68

1. Public Records support is provided via Oregon Statute 192. Counts are of actually requests received and responded.
2. Subpoena processing counts are based on request for PERS member records only. The requested are managed through Oregon DOJ.
3. FTE supporting includes the Records Officer (PEMC) and Records Coordinator (OS2)

BUDGET NARRATIVE

ECMS Solutions & Development

	2011	2012	2013	2014	2015	2016	2017
FTE Supporting	4	4	4	4	*5	4	4
Workflows In place	~85	~85	~85	85	88	88	85
Process Audit History Automation Volume					4647	148910	420398

1. The team manages updates, enhancements and automation of work flow 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 85 workflows are reviewed on regular basis. In 2015, 2016 and 2017 all workflows required major updates to align with the upgraded content management system.
3. Audit history was updated in 2017 to provide a more detailed review of actions happening on members' accounts.
4. Services and updates to our Content Management System are managed by change control and project management programs.

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

Enterprise Applications:

PROCESS MEASURES: Consolidated Summary														
QTR: 2018 Q1 - Quarter ended March 31, 2018														
	Measure Name	Measure Calculation	RANGE			Target	Desired Perform.	Data Collectio	Data Source	Measure Owner	Last Status	Status	Trend	Corrective Action & Comments
			Red	Yellow	Green									
SP3 Leveraging Technology (J. Masanga)														
Quality														
SP3e	ORION enhancement backlog count	Count of outstanding Critical and High Priority ORION Enhancement Requests (non-defect-type CRs)	>299	100-299	<100	50	↓	Quarterly	ClearQuest CMUsr database	J. Duckering	238	233	+	Net decrease: 5 CRs Releases: 1 jClarety, 2 Filenet
SP3f	ORION defect backlog count	Count of outstanding Critical and High Severity ORION Defects (defect-type CRs and PPCRs)	>199	100-199	<100	0	↓	Quarterly	ClearQuest CMUsr and SaberM databases	J. Duckering	182	183	-	Net increase: 1 defect Releases: 1 jClarety, 2 Filenet

Process measures are the specific steps in a process that lead positively or negatively to a particular outcome metric. The Enterprise Applications Section owns the above process measures.

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 2017-19

Requested Limited Other Funds reflect a decrease of \$863,452 below the 2017-19 operating budget of \$27,575,232 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
Operating Budget, Limited Only	28,075,232	70.88
Non Limited		
Total 2017-19 LAB	28,075,232	70.88
	Amount	FTE
Base Budget Limited	28,374,071	69.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	296,782	
Pkg. 021 Phase In		
Pkg. 022 Phase Out Program and One Time Costs	(4,779,149)	
Pkg. 031 Standard Inflation	310,437	
Pkg. 032 Above Standard Inflation	-	
Pkg. 060 Technical Adjustments	-	
Subtotal Essential Packages	(4,171,930)	
Subtotal Current Service Level	24,202,141	69.00
Policy Packages		
Pkg. 102 Data Center Migration	1,715,318	-
Pkg. 104 Current Services	356,295	2.00
Pkg. 810 HB5050 Statewide Adjustments	(63,820)	
Pkg. 812 Vacant Position Elimination	(129,751)	(1.00)
Subtotal Policy Packages	1,878,042	1.00
2019-21 Total Legislatively Adopted Budget	26,080,183	70.00

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
Personal Services							
Temporary Appointments	-	-	796	-	-	-	796
Overtime Payments	-	-	4,442	-	-	-	4,442
Shift Differential	-	-	87	-	-	-	87
All Other Differential	-	-	3,350	-	-	-	3,350
Public Employees' Retire Cont	-	-	1,337	-	-	-	1,337
Pension Obligation Bond	-	-	22,515	-	-	-	22,515
Social Security Taxes	-	-	664	-	-	-	664
Mass Transit Tax	-	-	326	-	-	-	326
Vacancy Savings	-	-	263,265	-	-	-	263,265
Total Personal Services	-	-	\$296,782	-	-	-	\$296,782
Total Expenditures							
Total Expenditures	-	-	296,782	-	-	-	296,782
Total Expenditures	-	-	\$296,782	-	-	-	\$296,782
Ending Balance							
Ending Balance	-	-	(296,782)	-	-	-	(296,782)
Total Ending Balance	-	-	(\$296,782)	-	-	-	(\$296,782)

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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

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Transfer In - Intrafund	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Personal Services							
Mass Transit Tax	-	-	(1,135)	-	-	-	(1,135)
Total Personal Services	-	-	(\$1,135)	-	-	-	(\$1,135)
Services & Supplies							
Employee Training	-	-	(7,580)	-	-	-	(7,580)
Office Expenses	-	-	(30,000)	-	-	-	(30,000)
Data Processing	-	-	(794,950)	-	-	-	(794,950)
IT Professional Services	-	-	(3,243,984)	-	-	-	(3,243,984)
Expendable Prop 250 - 5000	-	-	(5,000)	-	-	-	(5,000)
IT Expendable Property	-	-	(20,000)	-	-	-	(20,000)
Total Services & Supplies	-	-	(\$4,101,514)	-	-	-	(\$4,101,514)
Capital Outlay							
Data Processing Software	-	-	(300,000)	-	-	-	(300,000)
Data Processing Hardware	-	-	(376,500)	-	-	-	(376,500)
Total Capital Outlay	-	-	(\$676,500)	-	-	-	(\$676,500)

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Essential and Policy Package Fiscal Impact Summary - BPR013

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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
Total Expenditures							
Total Expenditures	-	-	(4,779,149)	-	-	-	(4,779,149)
Total Expenditures	-	-	(\$4,779,149)	-	-	-	(\$4,779,149)
Ending Balance							
Ending Balance	-	-	4,779,149	-	-	-	4,779,149
Total Ending Balance	-	-	\$4,779,149	-	-	-	\$4,779,149

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's ☒ Legislatively Adopted
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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
Services & Supplies							
Instate Travel	-	-	130	-	-	-	130
Employee Training	-	-	6,957	-	-	-	6,957
Office Expenses	-	-	5,169	-	-	-	5,169
Telecommunications	-	-	21,045	-	-	-	21,045
Data Processing	-	-	110,089	-	-	-	110,089
IT Professional Services	-	-	85,129	-	-	-	85,129
Employee Recruitment and Develop	-	-	83	-	-	-	83
Dues and Subscriptions	-	-	39,684	-	-	-	39,684
Facilities Maintenance	-	-	125	-	-	-	125
Expendable Prop 250 - 5000	-	-	712	-	-	-	712
IT Expendable Property	-	-	19,195	-	-	-	19,195
Total Services & Supplies	-	-	\$288,318	-	-	-	\$288,318
Capital Outlay							
Telecommunications Equipment	-	-	2,764	-	-	-	2,764
Data Processing Software	-	-	3,389	-	-	-	3,389
Data Processing Hardware	-	-	15,966	-	-	-	15,966
Total Capital Outlay	-	-	\$22,119	-	-	-	\$22,119
Total Expenditures							
Total Expenditures	-	-	310,437	-	-	-	310,437
Total Expenditures	-	-	\$310,437	-	-	-	\$310,437

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Essential and Policy Package Fiscal Impact Summary - BPR013

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
Ending Balance							
Ending Balance	-	-	(310,437)	-	-	-	(310,437)
Total Ending Balance	-	-	(\$310,437)	-	-	-	(\$310,437)

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Essential and Policy Package Fiscal Impact Summary - BPR013

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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

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
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	-	-	-	-	-	-	-
Total Personal Services	-	-	-	-	-	-	-
Services & Supplies							
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

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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
Total Positions							
Total Positions							-
Total Positions	-	-	-	-	-	-	-
Total FTE							
Total FTE							-
Total FTE	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

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BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 102 - Data Center Migration

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
Services & Supplies							
Instate Travel	-	-	1,000	-	-	-	1,000
Employee Training	-	-	5,000	-	-	-	5,000
Telecommunications	-	-	177,318	-	-	-	177,318
Other Services and Supplies	-	-	-	-	-	-	-
Total Services & Supplies	-	-	\$183,318	-	-	-	\$183,318
Capital Outlay							
Data Processing Software	-	-	852,000	-	-	-	852,000
Data Processing Hardware	-	-	680,000	-	-	-	680,000
Total Capital Outlay	-	-	\$1,532,000	-	-	-	\$1,532,000
Total Expenditures							
Total Expenditures	-	-	1,715,318	-	-	-	1,715,318
Total Expenditures	-	-	\$1,715,318	-	-	-	\$1,715,318
Ending Balance							
Ending Balance	-	-	(1,715,318)	-	-	-	(1,715,318)
Total Ending Balance	-	-	(\$1,715,318)	-	-	-	(\$1,715,318)

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Essential and Policy Package Fiscal Impact Summary - BPR013

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 104 - Maintaining Current Services

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	224,742	-	-	-	224,742
Empl. Rel. Bd. Assessments	-	-	106	-	-	-	106
Public Employees' Retire Cont	-	-	38,138	-	-	-	38,138
Social Security Taxes	-	-	17,192	-	-	-	17,192
Worker's Comp. Assess. (WCD)	-	-	102	-	-	-	102
Mass Transit Tax	-	-	1,348	-	-	-	1,348
Flexible Benefits	-	-	61,572	-	-	-	61,572
Reconciliation Adjustment	-	-	1,998	-	-	-	1,998
Total Personal Services	-	-	\$345,198	-	-	-	\$345,198
Services & Supplies							
Employee Training	-	-	1,097	-	-	-	1,097
Office Expenses	-	-	5,000	-	-	-	5,000
Expendable Prop 250 - 5000	-	-	1,000	-	-	-	1,000
IT Expendable Property	-	-	4,000	-	-	-	4,000
Total Services & Supplies	-	-	\$11,097	-	-	-	\$11,097
Total Expenditures							
Total Expenditures	-	-	356,295	-	-	-	356,295
Total Expenditures	-	-	\$356,295	-	-	-	\$356,295

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 104 - Maintaining Current Services

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
Ending Balance							
Ending Balance	-	-	(356,295)	-	-	-	(356,295)
Total Ending Balance	-	-	(\$356,295)	-	-	-	(\$356,295)
Total Positions							
Total Positions							2
Total Positions	-	-	-	-	-	-	2
Total FTE							
Total FTE							1.76
Total FTE	-	-	-	-	-	-	1.76

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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

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Reconciliation Adjustment	-	-	(60,801)	-	-	-	(60,801)
Total Personal Services	-	-	(\$60,801)	-	-	-	(\$60,801)
Services & Supplies							
Telecommunications	-	-	4,499	-	-	-	4,499
State Gov. Service Charges	-	-	-	-	-	-	-
Data Processing	-	-	(7,518)	-	-	-	(7,518)
Total Services & Supplies	-	-	(\$3,019)	-	-	-	(\$3,019)
Total Expenditures							
Total Expenditures	-	-	(63,820)	-	-	-	(63,820)
Total Expenditures	-	-	(\$63,820)	-	-	-	(\$63,820)
Ending Balance							
Ending Balance	-	-	63,820	-	-	-	63,820
Total Ending Balance	-	-	\$63,820	-	-	-	\$63,820

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 812 - Vacant Position Elimination

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	(78,336)	-	-	-	(78,336)
Empl. Rel. Bd. Assessments	-	-	(61)	-	-	-	(61)
Public Employees' Retire Cont	-	-	(13,294)	-	-	-	(13,294)
Social Security Taxes	-	-	(5,993)	-	-	-	(5,993)
Worker's Comp. Assess. (WCD)	-	-	(58)	-	-	-	(58)
Flexible Benefits	-	-	(35,184)	-	-	-	(35,184)
Reconciliation Adjustment	-	-	14,272	-	-	-	14,272
Total Personal Services	-	-	(\$118,654)	-	-	-	(\$118,654)
Services & Supplies							
Employee Training	-	-	(1,097)	-	-	-	(1,097)
Office Expenses	-	-	(5,000)	-	-	-	(5,000)
Expendable Prop 250 - 5000	-	-	(1,000)	-	-	-	(1,000)
IT Expendable Property	-	-	(4,000)	-	-	-	(4,000)
Total Services & Supplies	-	-	(\$11,097)	-	-	-	(\$11,097)
Total Expenditures							
Total Expenditures	-	-	(129,751)	-	-	-	(129,751)
Total Expenditures	-	-	(\$129,751)	-	-	-	(\$129,751)
Ending Balance							
Ending Balance	-	-	129,751	-	-	-	129,751
Total Ending Balance	-	-	\$129,751	-	-	-	\$129,751

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 812 - Vacant Position Elimination

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
Total Positions							
Total Positions							(1)
Total Positions	-	-	-	-	-	-	(1)
Total FTE							
Total FTE							(1.00)
Total FTE	-	-	-	-	-	-	(1.00)

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900
Cross Reference Number: 45900-500-04-00-00000

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Charges for Services	3,702	3,500	3,500	3,500	3,500	3,500
Transfer In - Intrafund	26,714,345	35,272,283	36,331,125	28,520,890	28,520,890	26,076,683
Total Other Funds	\$26,718,047	\$35,275,783	\$36,334,625	\$28,524,390	\$28,524,390	\$26,080,183

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Detail of LF, OF, and FF Revenues - BPR012

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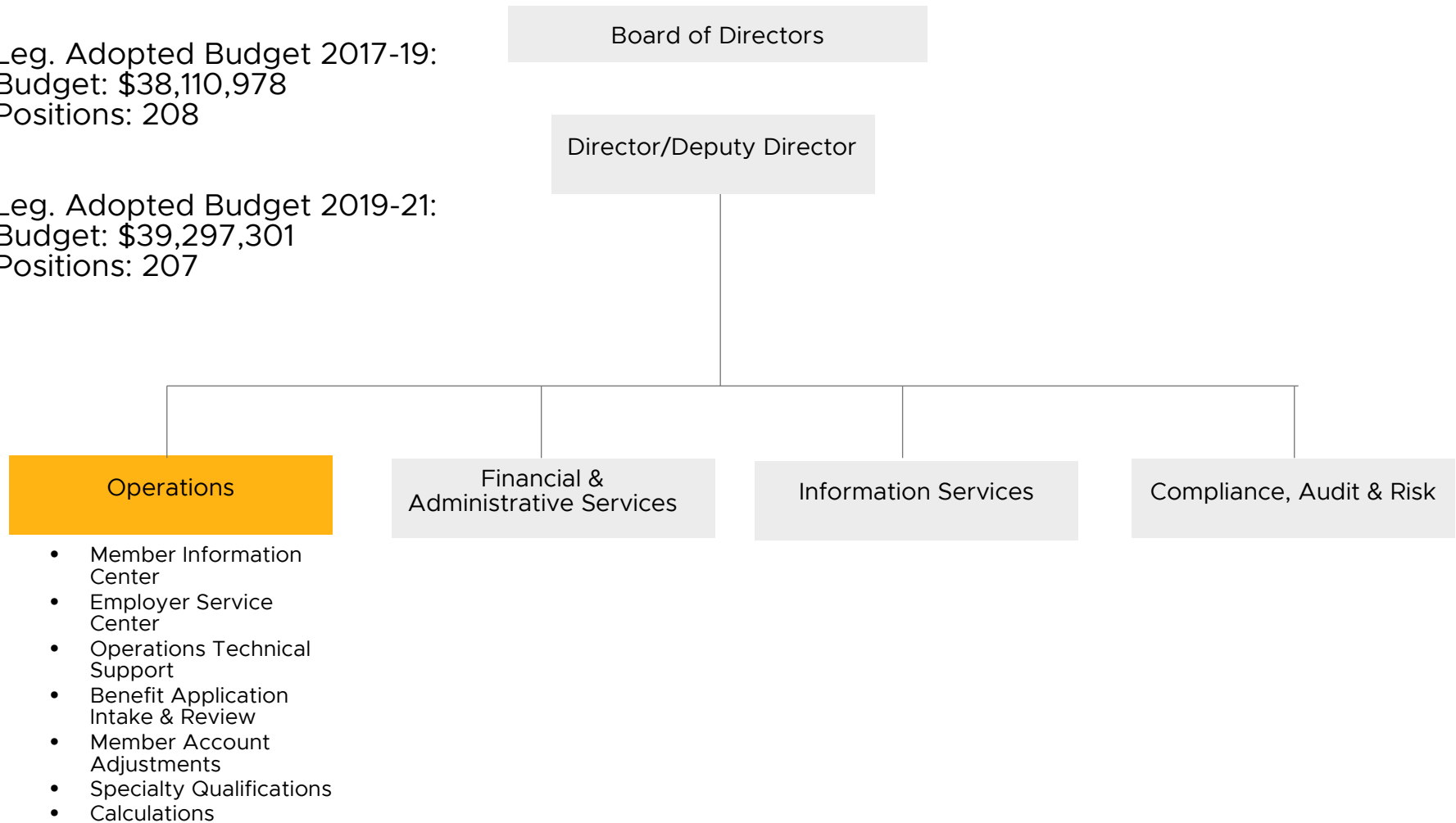
Operations Division

Program Contact: Yvette Elledge-Rhodes, 503.603.7685

PERS: Operations Division

Leg. Adopted Budget 2017-19:
Budget: \$38,110,978
Positions: 208

Leg. Adopted Budget 2019-21:
Budget: \$39,297,301
Positions: 207



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OD Sections

Admin	SORT	OTS	Member Services	Data Services	Benefit Preparation	Calculations
1/1.00 FTE	14/14.00 FTE	17/17.00 FTE	33/33.00 FTE	61/61.00 FTE	40/40.00 FTE	41/41.00 FTE
Executive Leadership Program Management Policy and Procedure	Strategic Planning Project Coordination Training Administrative Support	Technical Solutions and Support Central Data 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 Special Projects

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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** Key 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** Key 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 account reviews and adjustments, and provides Data Verifications to members.
- **Benefit Preparation** Key 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** Key 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.
- **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.
- **Strategic Operations Resource Teams** Key responsibilities include general support of the division with a focus on policy, training, audit, project, and administrative support.

The division also works in partnership with PERS employers, industry representatives, and other stakeholders in carrying out its mission. Cost drivers for the division’s operations include the volume of members engaging in each process, the complexity of the program, and the degree and scope in which PERS is able to communicate changes to the programs. As noted in the Program Performance below, the volume especially of calls and emails into Member Services has significantly increased, and retirements to process continue to increase.

Program Funding Request

The Operations Division is requesting 4 full time positions to maintain current service levels.

Business Case: Maintain Service Levels Package 104

Operations Technical Section

The Operations Technical Section in the Operations Division is requesting one full time permanent Operations and Policy Analyst 2 position to conduct work focusing on reconciliation of IAP data as part of the agency’s efforts toward implementing Target Date Funds. This is a new workload due to the Oregon Investment Council’s change in the Individual Account Program investment strategy effective January 1, 2018. This position would provide a single point of contact with PERS’ third party administrator Voya, for data

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transfer and reconciliation, and would help coordinate technical requirements. It would also reduce the burden on PERS' existing Business Operations Process Analysts who have been performing data reconciliation which is not the focus of their job description.

Intake & Review

Intake & Review is requesting to add two full time permanent positions; one Retirement Counselor 1 and one Office Specialist 2 to the team. The Intake team hires temporary staff each year to help with service retirement application processing during the peak months of July and December as well as the high volume of forms received from retired members wanting to make changes to their address, direct deposit information or tax withholdings. Intake also hires temporary staff to help with special projects such as the annual residency project when it receives thousands of extra residency forms that need processing each year. In addition, Intake has a year-round temporary who helps process returned mail. Intake averages nearly 7,700 Service Retirement Applications per year as well as 1,028 withdrawal applications, nearly 2,000 post-retired forms and at least 1,200 pieces of returned mail a month. The team works overtime during the peak seasons. For example, the team worked approximately 1,200 hours throughout the summer of 2017. Temporary staff are not allowed to work more than 1,039 hours in a year, so PERS must hire and re-train temps for the Intake Team at least every 6 months. If funded, this team would be able to reduce the reliance and associated cost of temporary staff.

Calculations

The Calculations section is requesting one full time permanent Principal Executive Manager B position. This management position would support and supervise nineteen positions by developing, directing, and managing the pre and post retirement work for the benefit inceptions and adjustments. The requested position would supervise and coordinate daily work to ensure estimates, purchases, and benefits are processed and distributed in a timely and accurate fashion. This change would free up the Section Manager to perform strategic planning, workforce management, and section development work.

Total cost for adding these FTE for the 19-21 biennium are as follows:

Personal Services	\$608,567
Services & Supplies	<u>\$33,251</u>

Total Cost	\$641,818
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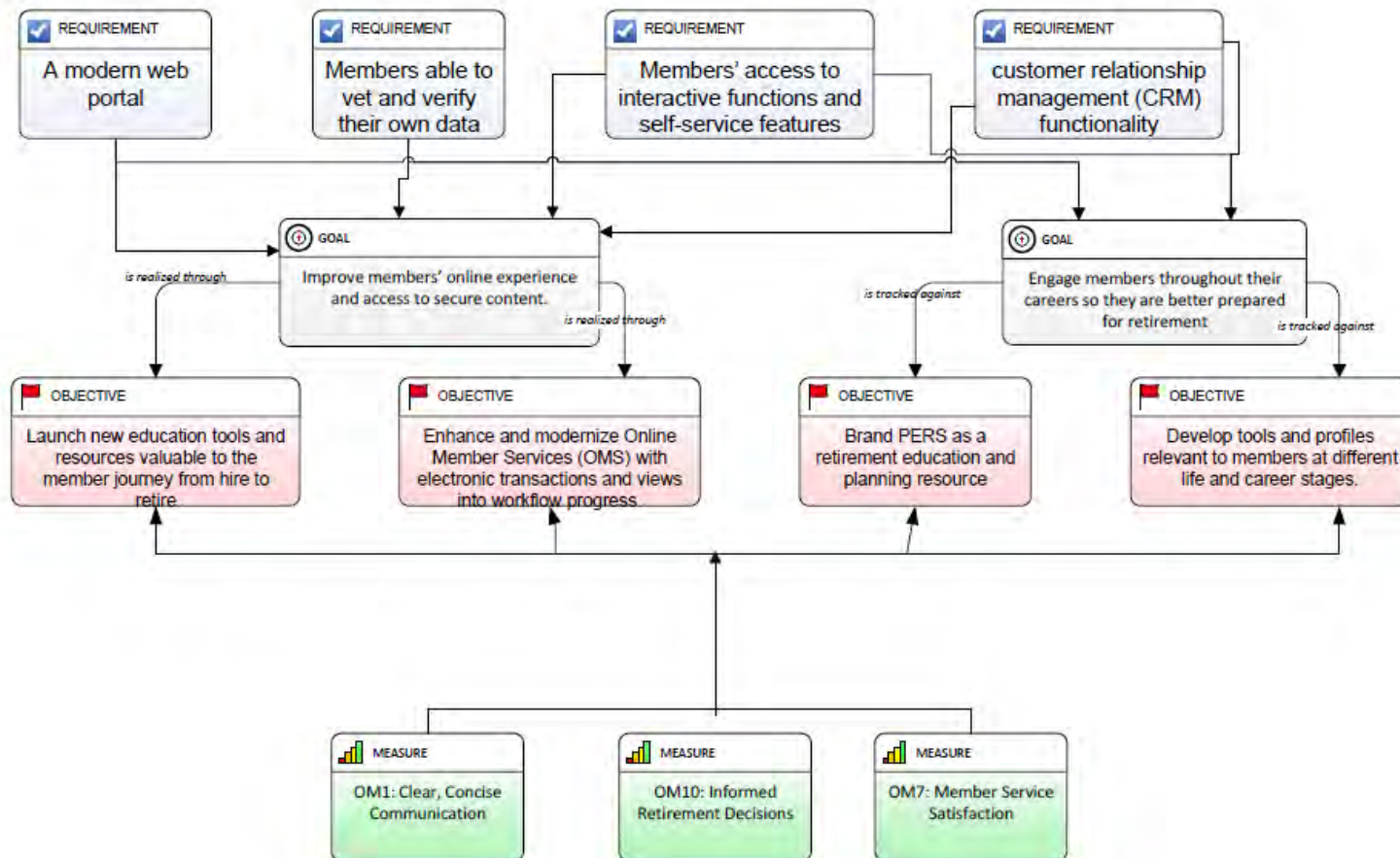
Total number of permanent positions: 4 FTE

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:

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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:

- Unreliable data results in 25 percent of withdrawals and 15 percent of service retirements requiring data correction at benefit calculation.

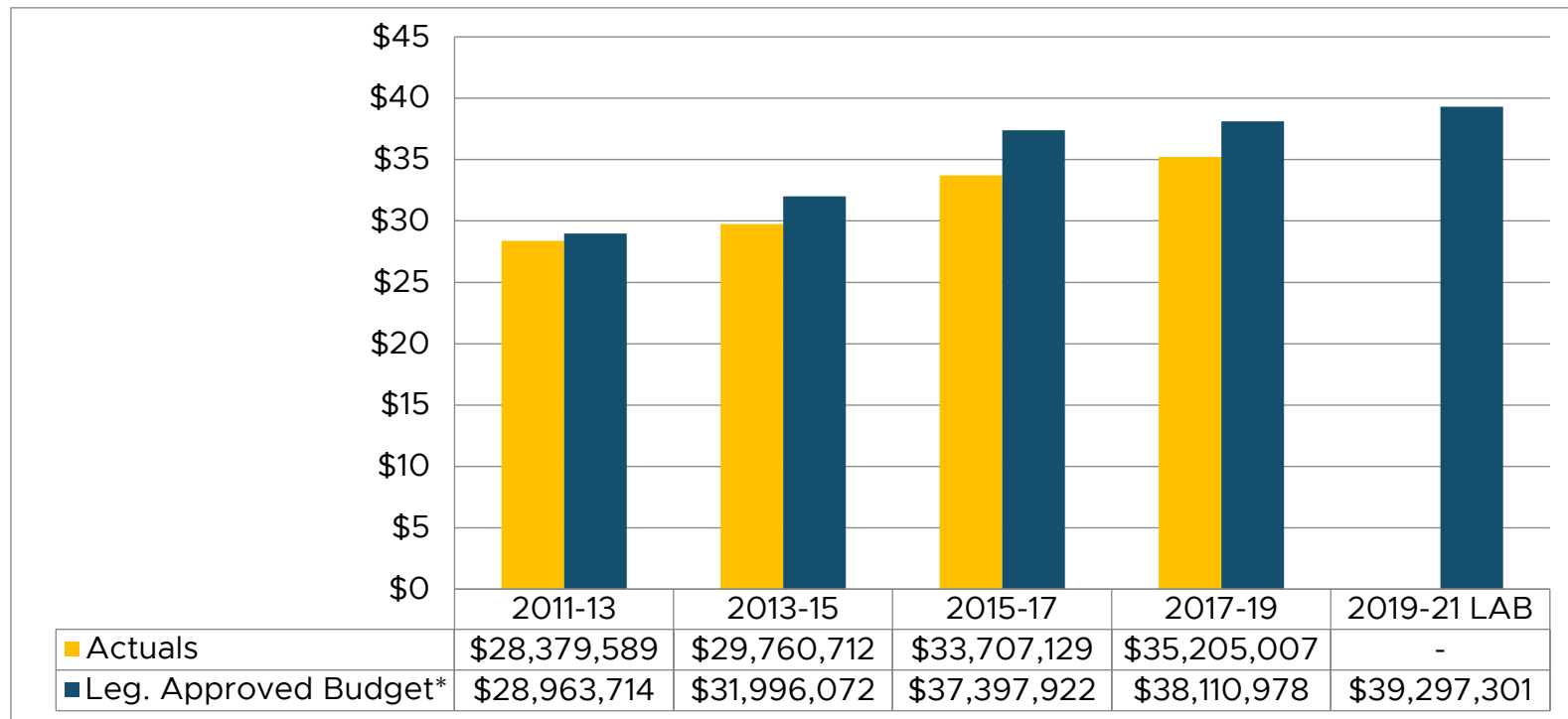
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- Incomplete, inaccurate, and late data, and/or not reconciling every year, results in additional unbudgeted cost to employers proportional to the length of the delay. For example, prior-year earnings on \$100 in member contributions for a Tier One member reported in March 2017 for year 2015 would cost \$7.75 versus \$2,059.20 for the same contribution amount for 1985.
- An example of how this has actually occurred recently is that in 2016, 855 members' accounts were adjusted for years prior to 2004, resulting in Prior Year Earnings invoices to employers totaling \$1,722,847.
- The unreliable nature of PERS' data erodes member and employer confidence and sense of control.

Program Budget Performance



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The following transaction summary illustrates some of the growing workloads in the Operations Division.

Member and Employer Customer Service

Year	Member Information Center Telephone Calls (incoming/outgoing)	Member Information Center Emails (incoming)	Employer Service Center Telephone Calls (incoming/outgoing)	Employer Service Center Emails (incoming)
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

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

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

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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	3,820	1,125	227
2018	7,144	7,136	3,958	12,172	1,935	971	334

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

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 last year. Of those, 1,131 were active members and 3,511 were retired. However, data shows stark differences between active and retired members, with active members less satisfied on all state measures. This data will help us develop a more informed member engagement strategy.

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 2017-19

Requested Limited Other Funds reflect an increase of \$2,355,672 above the 2017-19 operating budget of \$38,110,978 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

2017-19 Legislatively Approved Budget	Amount	FTE
Operating Budget, Limited Only	38,993,722	208.21
Non Limited		
Total 2017-19 LAB	38,993,722	208.21
	Amount	FTE
Base Budget Limited	39,812,090	208.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	711,437	
Pkg. 021 Phase In	-	
Pkg. 022 Phase Out Program and One Time Costs	-	
Pkg. 031 Standard Inflation	70,403	
Pkg. 032 Above Standard Inflation	-	
Pkg. 060 Technical Adjustments	(308,000)	
Subtotal Essential Packages	473,840	
Subtotal Current Service Level	40,285,930	208.00
Policy Packages		
Pkg. 081 September 2018 Emergency Board	(704,393)	(4.00)
Pkg. 090 CFO Analyst Adjustments	(461,098)	
Pkg. 104 Current Services	568,790	4.00
Pkg. 810 HB5050 Statewide Adjustments	(141,042)	
Pkg. 812 Vacant Position Elimination	(250,886)	(1.00)
Subtotal Policy Packages	(988,629)	(1.00)
2019-21 Total Legislatively Adopted Budget	39,297,301	207.00

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
Personal Services							
Temporary Appointments	-	-	4,357	-	-	-	4,357
Overtime Payments	-	-	17,777	-	-	-	17,777
All Other Differential	-	-	2,637	-	-	-	2,637
Public Employees' Retire Cont	-	-	3,464	-	-	-	3,464
Pension Obligation Bond	-	-	22,033	-	-	-	22,033
Social Security Taxes	-	-	1,895	-	-	-	1,895
Mass Transit Tax	-	-	(1,671)	-	-	-	(1,671)
Vacancy Savings	-	-	660,945	-	-	-	660,945
Total Personal Services	-	-	\$711,437	-	-	-	\$711,437
Total Expenditures							
Total Expenditures	-	-	711,437	-	-	-	711,437
Total Expenditures	-	-	\$711,437	-	-	-	\$711,437
Ending Balance							
Ending Balance	-	-	(711,437)	-	-	-	(711,437)
Total Ending Balance	-	-	(\$711,437)	-	-	-	(\$711,437)

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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
Services & Supplies							
Instate Travel	-	-	4,851	-	-	-	4,851
Out of State Travel	-	-	128	-	-	-	128
Employee Training	-	-	9,172	-	-	-	9,172
Office Expenses	-	-	16,506	-	-	-	16,506
Publicity and Publications	-	-	8,971	-	-	-	8,971
Professional Services	-	-	25,673	-	-	-	25,673
Employee Recruitment and Develop	-	-	276	-	-	-	276
Dues and Subscriptions	-	-	120	-	-	-	120
Other Services and Supplies	-	-	887	-	-	-	887
Expendable Prop 250 - 5000	-	-	2,495	-	-	-	2,495
IT Expendable Property	-	-	1,324	-	-	-	1,324
Total Services & Supplies	-	-	\$70,403	-	-	-	\$70,403
Total Expenditures							
Total Expenditures	-	-	70,403	-	-	-	70,403
Total Expenditures	-	-	\$70,403	-	-	-	\$70,403
Ending Balance							
Ending Balance	-	-	(70,403)	-	-	-	(70,403)
Total Ending Balance	-	-	(\$70,403)	-	-	-	(\$70,403)

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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
Services & Supplies							
Office Expenses	-	-	(300,000)	-	-	-	(300,000)
Publicity and Publications	-	-	(8,000)	-	-	-	(8,000)
Total Services & Supplies	-	-	(\$308,000)	-	-	-	(\$308,000)
Total Expenditures							
Total Expenditures	-	-	(308,000)	-	-	-	(308,000)
Total Expenditures	-	-	(\$308,000)	-	-	-	(\$308,000)
Ending Balance							
Ending Balance	-	-	308,000	-	-	-	308,000
Total Ending Balance	-	-	\$308,000	-	-	-	\$308,000

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 081 - September 2018 Emergency Board

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	(451,920)	-	-	-	(451,920)
Empl. Rel. Bd. Assessments	-	-	(244)	-	-	-	(244)
Public Employees' Retire Cont	-	-	(76,690)	-	-	-	(76,690)
Social Security Taxes	-	-	(34,571)	-	-	-	(34,571)
Worker's Comp. Assess. (WCD)	-	-	(232)	-	-	-	(232)
Flexible Benefits	-	-	(140,736)	-	-	-	(140,736)
Reconciliation Adjustment	-	-	-	-	-	-	-
Total Personal Services	-	-	(\$704,393)	-	-	-	(\$704,393)
Total Expenditures							
Total Expenditures	-	-	(704,393)	-	-	-	(704,393)
Total Expenditures	-	-	(\$704,393)	-	-	-	(\$704,393)
Ending Balance							
Ending Balance	-	-	704,393	-	-	-	704,393
Total Ending Balance	-	-	\$704,393	-	-	-	\$704,393
Total Positions							
Total Positions							(4)
Total Positions	-	-	-	-	-	-	(4)

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Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 081 - September 2018 Emergency Board

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
Total FTE							
Total FTE							(4.00)
Total FTE	-	-	-	-	-	-	(4.00)

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's X Legislatively Adopted
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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

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	(200,610)	-	-	-	(200,610)
Shift Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	(34,044)	-	-	-	(34,044)
Social Security Taxes	-	-	(15,347)	-	-	-	(15,347)
Mass Transit Tax	-	-	1	-	-	-	1
Total Personal Services	-	-	(\$250,000)	-	-	-	(\$250,000)
Services & Supplies							
Employee Training	-	-	(1,097)	-	-	-	(1,097)
Office Expenses	-	-	(5,001)	-	-	-	(5,001)
Professional Services	-	-	(200,000)	-	-	-	(200,000)
Expendable Prop 250 - 5000	-	-	(1,000)	-	-	-	(1,000)
IT Expendable Property	-	-	(4,000)	-	-	-	(4,000)
Total Services & Supplies	-	-	(\$211,098)	-	-	-	(\$211,098)
Total Expenditures							
Total Expenditures	-	-	(461,098)	-	-	-	(461,098)
Total Expenditures	-	-	(\$461,098)	-	-	-	(\$461,098)
Ending Balance							
Ending Balance	-	-	461,098	-	-	-	461,098
Total Ending Balance	-	-	\$461,098	-	-	-	\$461,098

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Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request Governor's ☒ Legislatively Adopted

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 104 - Maintaining Current Services

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	326,928	-	-	-	326,928
Empl. Rel. Bd. Assessments	-	-	212	-	-	-	212
Public Employees' Retire Cont	-	-	55,480	-	-	-	55,480
Social Security Taxes	-	-	25,011	-	-	-	25,011
Worker's Comp. Assess. (WCD)	-	-	204	-	-	-	204
Mass Transit Tax	-	-	1,962	-	-	-	1,962
Flexible Benefits	-	-	123,144	-	-	-	123,144
Reconciliation Adjustment	-	-	2,598	-	-	-	2,598
Total Personal Services	-	-	\$535,539	-	-	-	\$535,539
Services & Supplies							
Employee Training	-	-	5,614	-	-	-	5,614
Office Expenses	-	-	10,000	-	-	-	10,000
Expendable Prop 250 - 5000	-	-	4,000	-	-	-	4,000
IT Expendable Property	-	-	13,637	-	-	-	13,637
Total Services & Supplies	-	-	\$33,251	-	-	-	\$33,251
Total Expenditures							
Total Expenditures	-	-	568,790	-	-	-	568,790
Total Expenditures	-	-	\$568,790	-	-	-	\$568,790

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 104 - Maintaining Current Services

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
Ending Balance							
Ending Balance	-	-	(568,790)	-	-	-	(568,790)
Total Ending Balance	-	-	(\$568,790)	-	-	-	(\$568,790)
Total Positions							
Total Positions							4
Total Positions	-	-	-	-	-	-	4
Total FTE							
Total FTE							3.52
Total FTE	-	-	-	-	-	-	3.52

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Essential and Policy Package Fiscal Impact Summary - BPR013

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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
Personal Services							
Reconciliation Adjustment	-	-	(141,042)	-	-	-	(141,042)
Total Personal Services	-	-	(\$141,042)	-	-	-	(\$141,042)
Total Expenditures							
Total Expenditures	-	-	(141,042)	-	-	-	(141,042)
Total Expenditures	-	-	(\$141,042)	-	-	-	(\$141,042)
Ending Balance							
Ending Balance	-	-	141,042	-	-	-	141,042
Total Ending Balance	-	-	\$141,042	-	-	-	\$141,042

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 812 - Vacant Position Elimination

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	(172,992)	-	-	-	(172,992)
Empl. Rel. Bd. Assessments	-	-	(61)	-	-	-	(61)
Public Employees' Retire Cont	-	-	(29,357)	-	-	-	(29,357)
Social Security Taxes	-	-	(13,234)	-	-	-	(13,234)
Worker's Comp. Assess. (WCD)	-	-	(58)	-	-	-	(58)
Flexible Benefits	-	-	(35,184)	-	-	-	(35,184)
Total Personal Services	-	-	(\$250,886)	-	-	-	(\$250,886)
Total Expenditures							
Total Expenditures	-	-	(250,886)	-	-	-	(250,886)
Total Expenditures	-	-	(\$250,886)	-	-	-	(\$250,886)
Ending Balance							
Ending Balance	-	-	250,886	-	-	-	250,886
Total Ending Balance	-	-	\$250,886	-	-	-	\$250,886
Total Positions							
Total Positions							(1)
Total Positions	-	-	-	-	-	-	(1)
Total FTE							
Total FTE							(1.00)
Total FTE	-	-	-	-	-	-	(1.00)

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Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900
Cross Reference Number: 45900-500-08-00-00000

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Charges for Services	-	474,000	474,000	474,000	474,000	474,000
Transfer In - Intrafund	-	39,089,102	39,789,367	50,143,236	50,143,236	38,819,623
Total Other Funds	-	\$39,563,102	\$40,263,367	\$50,617,236	\$50,617,236	\$39,293,623

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Detail of LF, OF, and FF Revenues - BPR012

____ Agency Request ____ Governor's X Legislatively Adopted
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BUDGET NARRATIVE

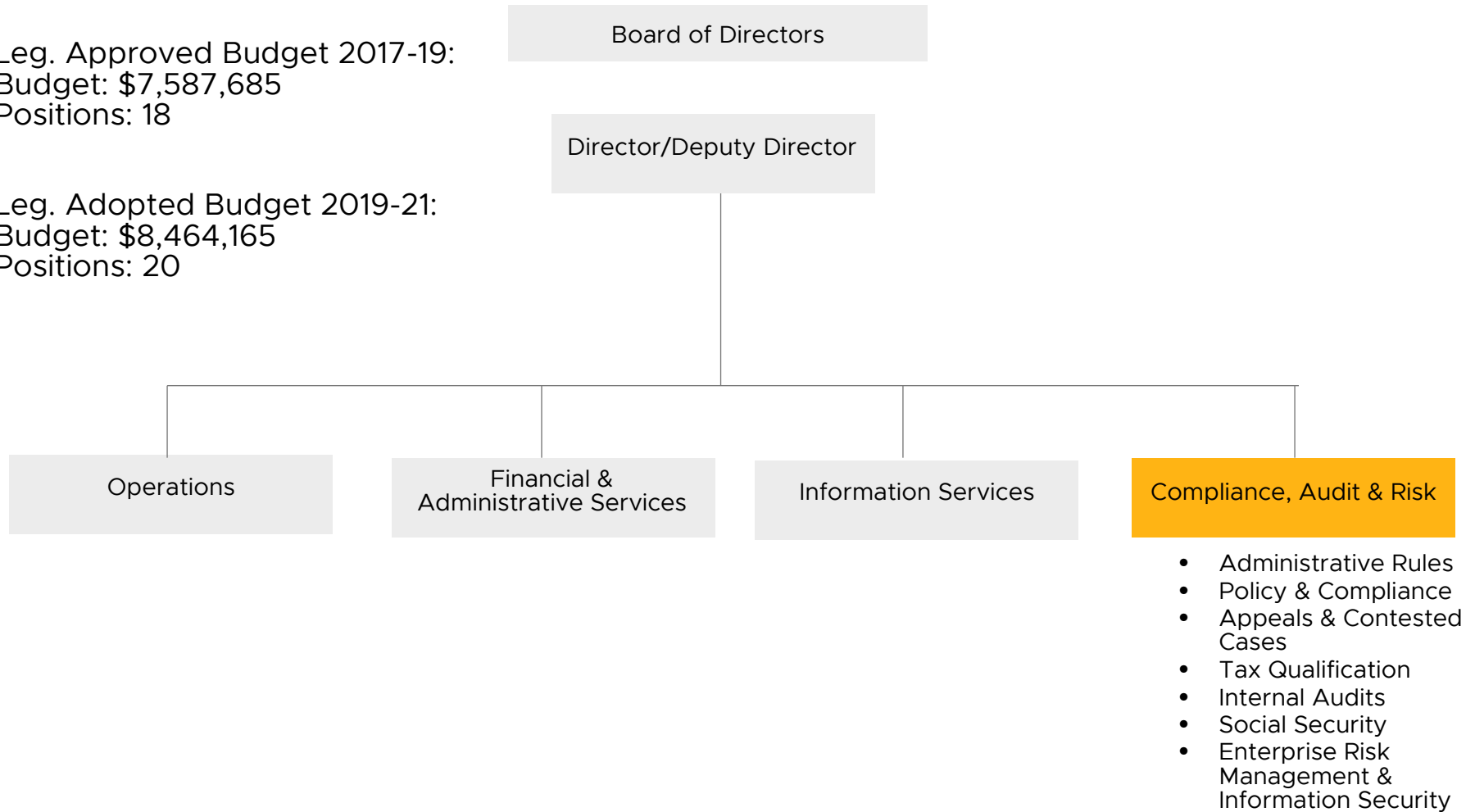
Compliance, Audit, and Risk Division

Program Contact: Jason Stanley, 503.603.7504

PERS: Compliance, Audit, and Risk Division

Leg. Approved Budget 2017-19:
Budget: \$7,587,685
Positions: 18

Leg. Adopted Budget 2019-21:
Budget: \$8,464,165
Positions: 20



BUDGET NARRATIVE

CARD Sections

IAS	PACS	Security and Risk	Social Security
4/4.00 FTE	11/11.00 FTE	4/4.00 FTE	1/1.00 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>	<p>Coordinate the state of Oregon's responsibilities for the Section 218 program of the Social Security Act for all public employers within the state.</p> <p>Partner with the Social Security Administration, the Internal Revenue Service, and the Oregon Department of Revenue</p> <p>Educate public employers on benefit issues through outreach and on-going customer service</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, and provides independent audit and consulting services to ensure compliance with rules and identify operational inefficiencies, and manages section 218 of the State Social Security Program. Additionally, CARD will oversee the agency's programs for information security and continuity, both of which are currently under development. A risk management program will be developed during the 19-21 biennium. CARD is comprised of four sections:

- Internal Audit Section
- Policy Analysis and Compliance Section
- Security and Risk Section
- State Social Security Program

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. While not directly identified in the PERS five year strategic plan, IAS has been, or will be, involved in evaluating areas that are mentioned, such as workforce development, IT governance, and financial management.

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 is not specifically identified in the PERS five year strategic plan; however this section will be supporting those efforts in areas such as organizational communication.

Security and Risk Section (SRS)

The Legislative Fiscal Office, both in budget notes and oversight, has directed PERS to develop industry standard Information Security, Business Continuity, and Disaster Recovery Programs. Additionally, the Department of Administrative Services issued statewide policy 107-001-010 effective February 21, 2018, which requires all state agencies to develop, implement, test, maintain and execute Continuity of Operations Plan (COOP). SRS currently has projects underway to develop these programs and comply with the budget and policy directives. SRS works closely with the Office of the State Chief Information Officer, Enterprise Security Office, and the Governor's State Resilience Office. This section is relatively new (started in 2015) and now has a manager in place to lead these efforts. Requests for additional staff and other resources are included in a policy option package to help ensure the programs are adequately resourced

BUDGET NARRATIVE

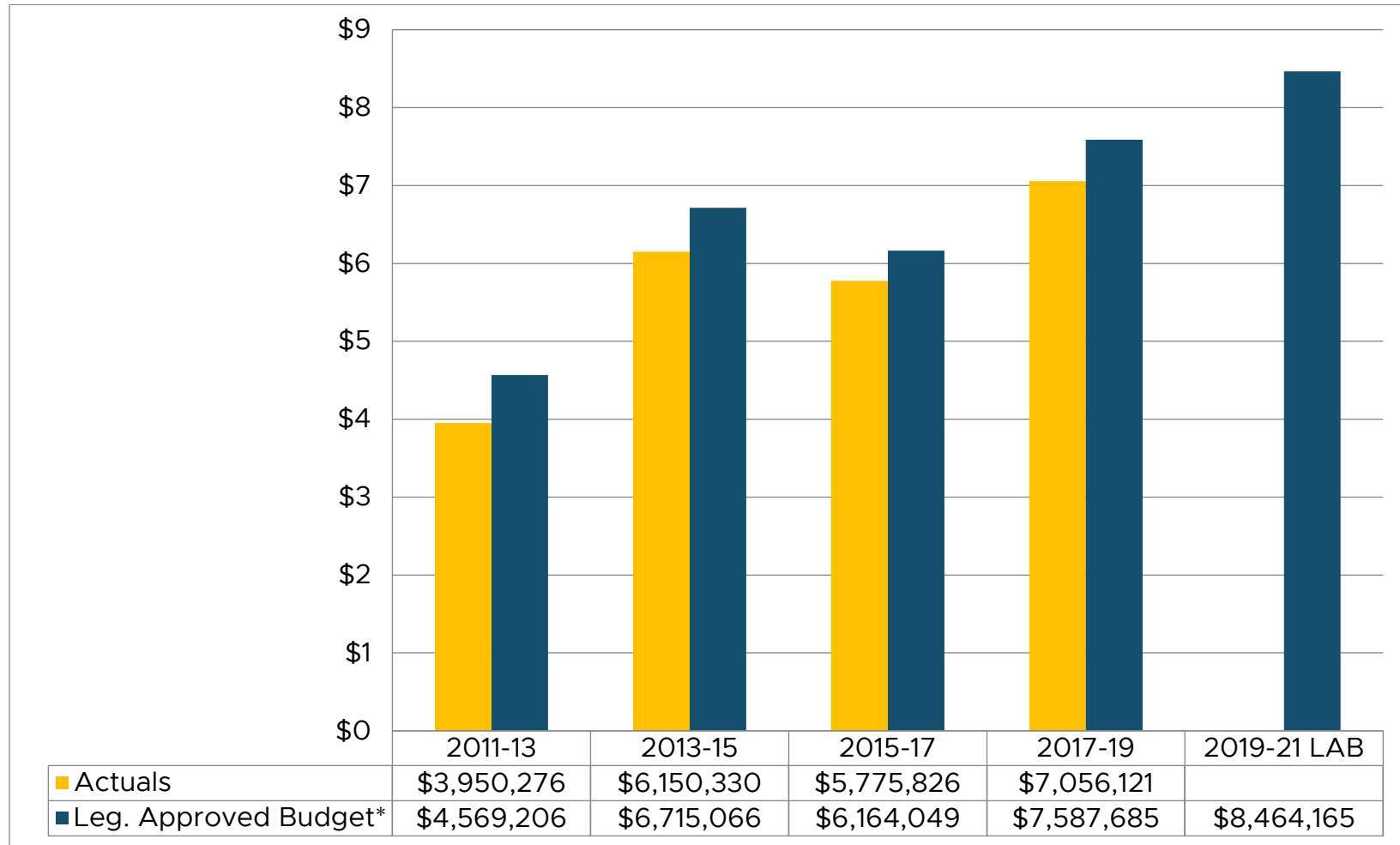
and maintained. This section directly ties to a PERS core operating principle to be constantly vigilant to safeguard confidential information.

State Social Security Program (SSSP)

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 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.

BUDGET NARRATIVE

Program Budget Performance



BUDGET NARRATIVE

Program Funding Request

Risk and Security Management Program Package 106

The Legislative Fiscal Office, both in budget notes and oversight, has directed PERS to develop industry standard Information Security, Business Continuity, and Disaster Recovery Programs. Additionally, the Department of Administrative Services issued statewide policy 107-001-010 effective February 21, 2018, which requires all state agencies to develop, implement, test, maintain and execute Continuity of Operations Plan (COOP). The Security and Risk Section (SRS) within CARD currently has projects underway to develop these programs and comply with the budget and policy directives. SRS works closely with the Office of the State Chief Information Officer, Enterprise Security Office, and the Governor's State Resilience Office.

During the 2017-2019 Legislative session, PERS was issued three Policy Option Packages. Each of these POPs came with specific budget notes, which in summary requires PERS to establish ongoing programs to address the perceived deficiencies in its Information Security, Business Continuity and Disaster Recovery Programs. In addition to developing and implementing these programs, PERS was directed to define the long-term maintenance, operation and funding plans for these programs.

In alignment with these directives, PERS is proposing to combine these efforts under a Risk and Security Management Program umbrella. The proposed Risk and Security Management Program will consist of 5 FTE staff (see proposed organization chart on page 2) whom will be charged with planning, implementing, monitoring, and revising the program in order to help the agency meet its fiduciary obligations to its members, and external stakeholders. Two of these positions currently exist, however to fully staff the program, PERS is asking for three additional FTE as noted below:

- OPA3 – Risk and Privacy Analyst - is a high level professional which will be responsible for working with internal and external resources (i.e., ESO, DAS Risk Management) to ensure that the information security, compliance, operational, reputational, political, and strategic risks controls are developed, implemented, and managed. The position will be responsible for conducting risk analyses and assessments, developing a risk management framework, and cultivating a risk-intelligent culture.
- OPA3 – Continuity and Disaster Recovery Program Analyst - is a high level professional which will be responsible for working with internal and external resources (i.e., ESO, Governor's Office) to ensure appropriate and timely emergency response, resumption, restoration, and recovery of the PERS' operations and business activities during and after a business interruption.
- ISS8 – Senior System Security Analyst - is a high level Cybersecurity professional which will be responsible for working with the Enterprise Security Office and other third party information security service providers, to ensure PERS cybersecurity controls are developed, implemented, and managed in accordance to statewide and agency standards, necessary to protect the data entrusted to the Agency.

BUDGET NARRATIVE

CARD is also requesting additional resources for services and supplies. This includes costs for training, software, and professional services, such as penetration testing.

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

Total cost for adding these three FTE and other resources for the 19-21 biennium include:

Personnel Services	\$ 644,184
Services and Supplies	\$ <u>638,291</u>
Total	\$ 1,282,475

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.

Year	# Reports Issued	# Recommendations
2018	7	28
2017	8	29
2016	3	37
2015	5	21
2014	4	13

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.

Year	# Appeals	# Contested Cases
2018 (Jan-Jun)	118	16
2017	170	34
2016	221	31
2015	225	58
2014	863	80

BUDGET NARRATIVE

Note that the large spike in appeals in 2014 was due in large part to the tax remedy issue, in which a legislative change disallowed the additional tax remedy benefit to retirees living outside of the State of Oregon. A large number of appeals were filed when this rule changed, but those appeals have decreased since those initial years.

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
2018	1	87
2017	2	82
2016	3	84
2015	7	84
2014	2	94

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 2017-19

Requested Limited Other Funds reflect an increase of \$1,075,078 above the 2017-19 operating budget of \$7,587,685 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

2017-19 Legislatively Approved Budget	Amount	FTE
Operating Budget, Limited Only	6,987,685	18.04
Non Limited		
Total 2017-19 LAB	6,987,685	18.04
	Amount	FTE
Base Budget Limited	7,223,037	18.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	86,450	
Pkg. 021 Phase In	-	
Pkg. 022 Phase Out Program and One Time Costs	(250,000)	
Pkg. 031 Standard Inflation	464,565	
Pkg. 032 Above Standard Inflation	-	
Pkg. 060 Technical Adjustments	(80,000)	
Subtotal Essential Packages	221,015	
Subtotal Current Service Level	7,444,052	18.00
Policy Packages		-
Pkg. 082 December 2018 Emergency Board	442,191	2.00
Pkg. 106 Risk and Security	638,291	
Subtotal Policy Packages	1,020,113	2.00
2019-21 Total Legislatively Adopted Budget	8,464,165	20.00

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
Personal Services							
Temporary Appointments	-	-	602	-	-	-	602
Overtime Payments	-	-	143	-	-	-	143
All Other Differential	-	-	237	-	-	-	237
Public Employees' Retire Cont	-	-	64	-	-	-	64
Pension Obligation Bond	-	-	19,051	-	-	-	19,051
Social Security Taxes	-	-	75	-	-	-	75
Mass Transit Tax	-	-	836	-	-	-	836
Vacancy Savings	-	-	65,442	-	-	-	65,442
Total Personal Services	-	-	\$86,450	-	-	-	\$86,450
Total Expenditures							
Total Expenditures	-	-	86,450	-	-	-	86,450
Total Expenditures	-	-	\$86,450	-	-	-	\$86,450
Ending Balance							
Ending Balance	-	-	(86,450)	-	-	-	(86,450)
Total Ending Balance	-	-	(\$86,450)	-	-	-	(\$86,450)

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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

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Professional Services	-	-	(250,000)	-	-	-	(250,000)
Total Services & Supplies	-	-	(\$250,000)	-	-	-	(\$250,000)
Total Expenditures							
Total Expenditures	-	-	(250,000)	-	-	-	(250,000)
Total Expenditures	-	-	(\$250,000)	-	-	-	(\$250,000)
Ending Balance							
Ending Balance	-	-	250,000	-	-	-	250,000
Total Ending Balance	-	-	\$250,000	-	-	-	\$250,000

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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
Services & Supplies							
Instate Travel	-	-	63	-	-	-	63
Out of State Travel	-	-	57	-	-	-	57
Employee Training	-	-	1,853	-	-	-	1,853
Office Expenses	-	-	5,094	-	-	-	5,094
State Gov. Service Charges	-	-	254,000	-	-	-	254,000
Professional Services	-	-	11,345	-	-	-	11,345
Attorney General	-	-	179,652	-	-	-	179,652
Dispute Resolution Services	-	-	11,313	-	-	-	11,313
Employee Recruitment and Develop	-	-	53	-	-	-	53
Dues and Subscriptions	-	-	454	-	-	-	454
Expendable Prop 250 - 5000	-	-	246	-	-	-	246
IT Expendable Property	-	-	435	-	-	-	435
Total Services & Supplies	-	-	\$464,565	-	-	-	\$464,565
Total Expenditures							
Total Expenditures	-	-	464,565	-	-	-	464,565
Total Expenditures	-	-	\$464,565	-	-	-	\$464,565
Ending Balance							
Ending Balance	-	-	(464,565)	-	-	-	(464,565)
Total Ending Balance	-	-	(\$464,565)	-	-	-	(\$464,565)

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Essential and Policy Package Fiscal Impact Summary - BPR013

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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
Services & Supplies							
Office Expenses	-	-	(80,000)	-	-	-	(80,000)
Total Services & Supplies	-	-	(\$80,000)	-	-	-	(\$80,000)
Total Expenditures							
Total Expenditures	-	-	(80,000)	-	-	-	(80,000)
Total Expenditures	-	-	(\$80,000)	-	-	-	(\$80,000)
Ending Balance							
Ending Balance	-	-	80,000	-	-	-	80,000
Total Ending Balance	-	-	\$80,000	-	-	-	\$80,000

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Essential and Policy Package Fiscal Impact Summary - BPR013

____ Agency Request ____ Governor's ☒ Legislatively Adopted
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BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 082 - December 2018 EBoard

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
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	297,432	-	-	-	297,432
Empl. Rel. Bd. Assessments	-	-	122	-	-	-	122
Public Employees' Retire Cont	-	-	50,474	-	-	-	50,474
Social Security Taxes	-	-	22,753	-	-	-	22,753
Worker's Comp. Assess. (WCD)	-	-	116	-	-	-	116
Mass Transit Tax	-	-	926	-	-	-	926
Flexible Benefits	-	-	70,368	-	-	-	70,368
Total Personal Services	-	-	\$442,191	-	-	-	\$442,191
Total Expenditures							
Total Expenditures	-	-	442,191	-	-	-	442,191
Total Expenditures	-	-	\$442,191	-	-	-	\$442,191
Ending Balance							
Ending Balance	-	-	(442,191)	-	-	-	(442,191)
Total Ending Balance	-	-	(\$442,191)	-	-	-	(\$442,191)
Total Positions							
Total Positions							2
Total Positions	-	-	-	-	-	-	2

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Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 082 - December 2018 EBoard

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
Total FTE							
Total FTE							2.00
Total FTE	-	-	-	-	-	-	2.00

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Essential and Policy Package Fiscal Impact Summary - BPR013

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BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 104 - Maintaining Current Services

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
Personal Services							
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	-	-	-	-	-	-	-
Total Personal Services	-	-	-	-	-	-	-
Services & Supplies							
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 104 - Maintaining Current Services

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
Total Positions							
Total Positions							-
Total Positions	-	-	-	-	-	-	-
Total FTE							
Total FTE							-
Total FTE	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 106 - Risk and Security Management

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
Personal Services							
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	-	-	-	-	-	-	-
Total Personal Services	-	-	-	-	-	-	-
Services & Supplies							
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
Agency Program Related S and S	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	3,000	-	-	-	3,000
IT Expendable Property	-	-	12,000	-	-	-	12,000
Total Services & Supplies	-	-	\$638,291	-	-	-	\$638,291
Capital Outlay							
Data Processing Software	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon
Pkg: 106 - Risk and Security Management

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
Total Expenditures							
Total Expenditures	-	-	638,291	-	-	-	638,291
Total Expenditures	-	-	\$638,291	-	-	-	\$638,291
Ending Balance							
Ending Balance	-	-	(638,291)	-	-	-	(638,291)
Total Ending Balance	-	-	(\$638,291)	-	-	-	(\$638,291)
Total Positions							
Total Positions							-
Total Positions	-	-	-	-	-	-	-
Total FTE							
Total FTE							-
Total FTE	-	-	-	-	-	-	-

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Essential and Policy Package Fiscal Impact Summary - BPR013

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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

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Reconciliation Adjustment	-	-	(17,074)	-	-	-	(17,074)
Total Personal Services	-	-	(\$17,074)	-	-	-	(\$17,074)
Services & Supplies							
Attorney General	-	-	(43,295)	-	-	-	(43,295)
Total Services & Supplies	-	-	(\$43,295)	-	-	-	(\$43,295)
Total Expenditures							
Total Expenditures	-	-	(60,369)	-	-	-	(60,369)
Total Expenditures	-	-	(\$60,369)	-	-	-	(\$60,369)
Ending Balance							
Ending Balance	-	-	60,369	-	-	-	60,369
Total Ending Balance	-	-	\$60,369	-	-	-	\$60,369

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Essential and Policy Package Fiscal Impact Summary - BPR013

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BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900

Cross Reference Number: 45900-500-09-00-00000

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Charges for Services	-	398,000	398,000	398,000	398,000	398,000
Interest Income	-	3,300	3,300	3,300	3,300	3,300
Transfer In - Intrafund	-	6,591,719	6,778,906	8,955,781	8,955,781	8,192,894
Transfer Out - Intrafund	-	(235,932)	(235,932)	-	-	-
Total Other Funds	-	\$6,757,087	\$6,944,274	\$9,357,081	\$9,357,081	\$8,594,194

2019-21 Biennium

Detail of LF, OF, and FF Revenues - BPR012

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BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon
2019-21 Biennium

Agency Number: 45900

Cross Reference Number: 45900-900-00-00-00000

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Transfer In - Intrafund	-	-	-	-	-	39,059,714
Total Other Funds	-	-	-	-	-	\$39,059,714

2019-21 Biennium

Detail of LF, OF, and FF Revenues - BPR012

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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 107 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

2019-21 Biennium

Agency Name

PERS

Table A: Owned Assets Over \$1M CRV		FY 2018 DATA	
Total Number of Facilities Over \$1M		1	
Current Replacement Value \$ (CRV) 1		\$31,258,749	Source 4 Risk Risk or FCA
Total Gross Square Feet (GSF)		60,220	
Office/Administrative Usable Square Feet (USF) 2		52,656	Estimate/Actual 5 87% % USF/GSF
Occupants Position Count (PC) 3		Est. 253	Office/Admin USF/PC 6 208
			or Agency Measure 7 NA

Table B: Owned facilities under \$1M CRV	
Number of Facilities Under \$1M	0
CRV 1	\$0
GSF	0

Table C: Leased Facilities

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Total Rentable SF	8	25,375			
Total 2019-2021 Biennial Lease Cost		\$598,992			
Additional 2017-2019 Costs for Lease Properties (O&M)	9	0			
Office/Administrative Usable Square Feet (USF)	2	22,345	Estimate/Actual	5	
Occupants Position Count (PC)	3	Est. 119	Office/Admin USF/PC	6	188
					% USF/GSF

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

1	2015-17 Actual	2017-19 LAB	2019-21 Budgeted	2021-23 Projected
	\$192,622.00	\$203,494.00	TBD	TBD
	\$839,026.00	\$1,289,038.00	TBD	TBD
	\$220,048.00	\$298,138.00		
Total O&M	\$1,251,696.00	\$1,790,670.00	TBD	TBD
O&M \$/SF	\$20.79	\$29.74		

Total O&M SF

60,220

Include only the SF for which your agency provides O&M funding.

O&M Estimated Fund Split Percentage %

	General Fund	Lottery Fund	Other Funds	Federal Funds
2			100%	

Deferred Maintenance Funding In Current Budget Model

2019-21 Biennium

Ongoing Budgeted

Ongoing Budgeted

Agency Request

Governor's

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(non POP)

(non POP)

Total Short and Long Term Deferred Maintenance Plan for Facilities Value Over \$1M

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

3

4,5,6

7

8

9

Current Costs
(2017)

Ten Year
Projection

2019-21 Budgeted
SB 1067 (2% CRV
min.)

2021-23 Projected
SB 1067 (2% CRV
min.)

\$140,000

\$735,000

\$625,175

\$625,175

\$0

\$0

\$0

\$0

\$0

TBD

TBD

TBD

0.000%

TBD

\$31,258,749

Current Replacement Value Reported to Risk **or Calculated
Replacement Value**

Reported from Facility Conditions Assessment (FCA)

BUDGET NARRATIVE

Special Reports

Information Technology Reports

PERS 2019-21 IT Project Prioritization Matrix

CRITERIA	WEIGHT	SCORING GUIDE	Production Data Center Migration		Business Innovation Program (BIP A&P)		PERS Member Communications and Self-Service Platform (CRM)			
TOTAL WEIGHTED PROJECT SCORE			54		114		144		0	
Strategic Value			Raw	Weighted	Raw	Weighted	Raw	Weighted	Raw	Weighted
Required Service/Product-Business Alignment (are any of these are true?)										
<ul style="list-style-type: none"> Mandate (legislative, federal or state) Meets a strategic business need Governor Initiative/Strategy Priority/Compliance for industry 	5	0: none are true 3: one is true 6: two or three are true 9: all are true	6	30	6	30	6	30		0
Value to Customer Number of users and the level of positive impact for using the product/service. Consumers or users of the service, product or data. Customer could be citizens, internal agency users, other state/local agencies or other external stakeholders. Or, projects that are funded through grants, IGAs, etc.	5	0: no value to customer 3: low value to customer 6: medium value to customer 9: high value to customer	0	0	9	45	9	45		0
Leverage Potential Multiplier effect:										
<ul style="list-style-type: none"> Service/product can be leveraged as a shared or managed service across agencies or policy area Service/product can be leveraged as a utility service Service/product adds value for external partners 	3	0: no potential, isolated service 3: low potential 6: medium potential 9: high potential	3	9	3	9	3	9		0
Risk										
Importance to Risk Mitigation Would the agency, state, or its customer be exposed to a risk or impact if the service or product is not offered? Or, is an existing service at risk? Do other current services/products depend on it? This could be security, safety, legal or any other risk related in loss.	5	0: no risk to state/ customer if not offered 3: low risk to state/customer if not offered 6: medium risk to state/customer if not offered 9: high risk to state/customer if not offered	3	15	6	30	3	15		0
Financial										
Return on Investment (ROI) / Cost Avoidance Project ROI reduces cost in expenditures once a project becomes a program. Must have a way to measure ROI and the amount of cost that will be avoided due to implementation of the project.	5	0: ROI none or unknown 3: ROI gained over two biennia 6: ROI gained within two biennia 9: ROI gained within one biennium	0	0	0	0	9	45		0

BUDGET NARRATIVE

Annual Performance Progress Report (APPR)

Public Employees Retirement System
Annual Performance Progress Report (APPR)
for Fiscal Year 2018

Initial Submission Date: September 2018
Updated: January 2019

BUDGET NARRATIVE

Budget Form #107BF04c

Public Employees Retirement System Annual Performance Progress Report (APPR) for Fiscal Year 2018

Submission Date: September 27, 2018

2013-15 KPM#	2017-19 Key Performance Measures (KPMs)	Page #
1	TIMELY RETIREMENT PAYMENTS: Percentage of initial service retirements paid within 45 days from retirement date	4
2	TOTAL BENEFIT ADMINISTRATION COSTS: Total benefit administration costs per member	6
3	MEMBER TO STAFF RATIO: Ratio of members to FTE staff	8
4	ACCURATE BENEFIT CALCULATIONS: Percent of service retirement monthly benefits accurately calculated to within \$5 per month	10
5	LEVEL OF PARTICIPATION: Percent of state employees participating in the deferred compensation program	12
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.	14
7	TIMELY BENEFIT ESTIMATES: Percent of benefit estimates processed within 30 days	17
8	BOARD OF DIRECTORS BEST PRACTICES: Percent of total best practices criteria met by the PERS board	19

BUDGET NARRATIVE

Contact: Matthew Rickard, Central Data Coordinator	Phone: (503) 603-7576
Alternate:	Phone:

1. SCOPE OF REPORT

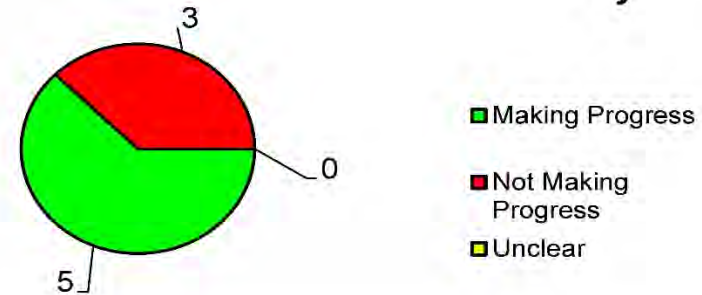
The Public Employees Retirement System (PERS) provides a full range of retirement services to public employers and public employees throughout the state of Oregon. These services are provided to over 900 state and local government entities across the state, and to some 390,000 active, inactive, and retired members. The agency administers the Tier One and Tier Two Retirement programs, the Judge's retirement program, the Oregon Public Service Retirement Plan (or OPSRP) Pension Program, the Individual Account Program (IAP), the Oregon Savings Growth Plan (a deferred compensation program), the Public Employee Benefit Equalization Fund (BEF), the Social Security Administration program, and the Retiree Health Insurance program. With the Debt Service program, PERS also administers the financing of projects that were funded by Certificates of Participation.

2. THE OREGON CONTEXT

The program operations of PERS have a significant impact on Oregon's economy. PERS administers a retirement plan that covers roughly 10 percent of Oregon's population, and the agency distributes approximately \$5.1 billion in benefits annually to Oregonians that served in the public sector. This substantial and widespread distribution of benefit payments (some \$420 million each month) is a direct infusion into the Oregon economy.

The Tier One-Tier Two, Judge's, OPSRP, and IAP programs provide retirement services to approximately 243,000 non-retired members and 147,000 retired members and beneficiaries (including CY16 lump sum retirees and withdrawal recipients). The Retiree Health Insurance program serves as a group sponsor, providing health insurance services to more than 50,000 retirees and dependents. With approximately 10 percent of Oregonians directly participating in PERS programs (and many more who are family members and/or beneficiaries of those participants), the importance of delivering high-quality, cost-efficient services is evident.

Performance Summary



BUDGET NARRATIVE

PUBLIC EMPLOYEES RETIREMENT SYSTEM

II. KEY MEASURE ANALYSIS

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

3. PERFORMANCE SUMMARY

Five KPMs, Total Benefit Administration Costs (page 6), Member to Staff Ratio (page 8), Accurate Benefit Calculations (page 10), Customer Service (page 14), and Board of Directors Best Practices (page 19) are making continued progress toward the targets (either at target or showing improvements towards the target over the previous year's performance). Three KPMs, Timely Retirement Payments (page 4), Level of Participation (page 12), and Timely Benefit Estimates (page 17), slipped backwards or remained short of the target for this period.

4. CHALLENGES

There are several key challenges facing the PERS retirement programs. An aging membership, including some 30% of PERS non-retired members who are eligible to retire, increases demands for near-retirement services including the call center, benefit estimates, group presentations, individual sessions, and online member services. Moreover, the number of retired members and beneficiaries who receive regular, recurring contacts and benefit payments continues to grow. There is increased workload resulting from two additional retirement programs added with PERS reform. PERS now administers four major retirement programs, maintains at least two accounts for each member with a combined annual statement, calculates and pays at least two retirement benefits or two withdrawal benefits, and issues at least two 1099-R statements for each benefit recipient.

Some current year challenges include working to improve management of our Individual Account Program (IAP), and implementing Target Date Funds (TDF). Over the last several years, PERS has undertaken efforts to improve management of its IAP program by working to reduce the reliance on third party administration. New legislation (HB 4159) tasked PERS with implementing "member choice" for the IAP, which would have provided members with limited choices with IAP investments. However following review by the Oregon State Treasury it was determined that further revisions were needed to the written legislation before it could be implemented. PERS has also been tasked with implementing a new investment strategy for IAP called TDF. TDF enacts different investment tiers called Target Date Funds based on age and estimated retirement date. TDF went live on January 1, 2018.

One challenge impacting the OSGP deferred compensation program is the large number of soon-to-retire and actively retiring baby boomers. The large number of retirements impacts the participation level as those people withdraw or roll their accounts to other institutions. Also, the financial impact of the recent economic downturn is being reflected in the participation rate. Despite these challenges, OSGP is taking steps to keep eligible employees and participants educated about the importance and advantages of participating in this supplemental retirement savings program.

5. RESOURCES USED AND EFFICIENCY

For FY2018, PERS expended \$57 million in administrative and special project expenditures, and over \$5.1 billion in total expenditures (this includes benefit payments). Efficiency measures include KPM #2 - Total Benefit Administration Costs per Member, and KPM #3 - Member to Staff Ratio. The performance in these measures reflects that PERS needs to reach for cost and staff efficiencies in future periods.

BUDGET NARRATIVE

PUBLIC EMPLOYEES RETIREMENT SYSTEM

II. KEY MEASURE ANALYSIS

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

KPM #1	TIMELY RETIREMENT PAYMENTS Percent of initial service retirements paid within 45 days from retirement date	Measure since: 1995
Goal	To deliver retirement benefits effectively and efficiently.	
Oregon Context	Oregon Benchmark #59: Independent Seniors. Encourage member independence and financial well-being into retirement.	
Data source	Operations Division (OD) statistics.	
Owner	Assistant Chief Operations Officer Sam Paris, 503-603-7654	

1. OUR STRATEGY

PERS' basic mission is to deliver timely and accurate benefits to members. All areas of the agency play a role in this effort, but the Customer Service Division and Benefit Payments Division in particular have been partnering to improve processes and communication to continue our progress towards reaching this performance goal.

2. ABOUT THE TARGETS

While statute requires PERS to issue the first benefit payment within 92 days from the member's effective retirement date, PERS' goal has always been to provide the first payment accurately and as quickly as possible. The target of 80% of member pensions being first paid within 45 days represents this goal.

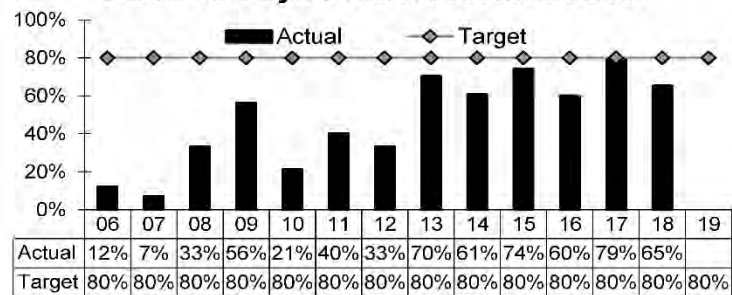
3. HOW WE ARE DOING

During FY2018, PERS issued 65% of its pension benefit inceptions within 45 days of the member's effective retirement date, a decrease from the 79% performance rate in FY2017.

4. HOW WE COMPARE

PERS uses the services of a third-party benchmarking firm (CEM Benchmarking, Inc.) to compare its costs, services, and performance to other public retirement systems. According to CEM Benchmarking, Inc., other systems in PERS' peer group were able to pay 91.6% of benefit inceptions within one month of the final pay check date in FY2017 (the 2018 report is not yet published) versus 5.4% for PERS. This discrepancy results from the other systems having less complicated statutory requirements and many have fewer program options than PERS. Moreover, public retirement systems in PERS' peer group

Percent of Service Retirements Paid within 45 Days from Retirement Date



BUDGET NARRATIVE

PUBLIC EMPLOYEES RETIREMENT SYSTEM

II. KEY MEASURE ANALYSIS

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

issue 66.5% of their initial benefit payments based on estimates (making corrections and finalizing the benefit later on), rather than issuing finalized benefit payments; instead PERS does not issue payments until they can be final, unless to do so would delay beyond the 92 day statutory deadline. Thus PERS issued only 3.1% of initial payments based on estimates in FY2017.

5. FACTORS AFFECTING RESULTS

This year's decrease can be tied to the heavy volume of retirement applications received during its annual July spike (related to many teacher retirements). While the July spike is an annual occurrence, PERS underestimated the number of temps it needed to keep pace with the large volume of applications during this time period for FY2018. Because of this, PERS was only able to issue 27% of service retirement benefit inceptions within 45 days of the effective retirement date during the months of July and August 2017. By contrast, PERS was able to perform at or near its targeted level of 80% in each of the other quarters during FY2018.

6. WHAT NEEDS TO BE DONE

PERS will need to deploy sufficient staffing resources during its annual volume spikes in order to keep pace with the large influx of retirement applications during these time periods. Other system and process improvements have also helped mitigate an increasing volume of expected retirements each year. PERS continues to cleanse and update data earlier in the member's employment, in partnership with employers and via internal process improvements to facilitate more timely and accurate payments after retirement. The Online Member Services functionality that was a part of the final system deployment also allows members to view their account information and has provided increased transparency so members can raise any questions or concerns they have prior to applying for retirement.

7. ABOUT THE DATA

This measure is based on data for the Oregon Fiscal Year period.

BUDGET NARRATIVE

PUBLIC EMPLOYEES RETIREMENT SYSTEM

II. KEY MEASURE ANALYSIS

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

KPM #2	TOTAL BENEFIT ADMIN COSTS Total benefit administration costs per member	Measure since: 2006
Goal	Reduce administrative costs while maintaining high levels of service to members and employers.	
Oregon Context	Oregon Benchmark #35: Public Management Quality and Benchmark #9c: Cost of Doing Business/ Taxes & Charges. Increase service cost-effectiveness to stakeholders.	
Data source	Budget/personnel statistics, PERS CAFR, PERS membership statistics from actuarial valuation, report from CEM Benchmarking, Inc. comparing PERS to its peers.	
Owner	Interim Chief Administration Officer, Louise Plata, 503-603-7550	

1. OUR STRATEGY

PERS strives to deliver high-quality, cost-effective service to members and employers. PERS administrative costs are funded through investment earnings, which PERS works hard to ensure are expended prudently. The challenge is to keep costs per member from growing while in an environment of increasing workload and cost inflation.

2. ABOUT THE TARGETS

The targets for this measure represent the maximum desired cost per member. The goal is to keep the costs at or below the targeted level. The targets from FY2008 and forward represent a new data structure (CAFR reported admin expenses per total membership), and all actual data have been updated to the new data structure. The targets for 2009-11 through 2017-19 include minor inflationary increases.

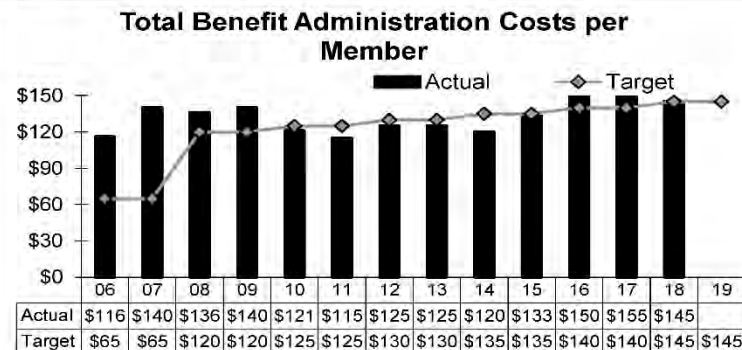
3. HOW WE ARE DOING

For FY2018, PERS' cost per member is \$145, down from \$155 in FY2017. In FY2018, PERS administrative costs decreased by 4% to \$56.7 million, from the \$59 million in FY2017. The overall membership increased by 2.4% in FY2018, to over 390,000 members, up from 381,000 in FY2017. The decrease in administrative expenses, coupled with the increase in membership resulted in the \$10 drop in cost per member, a 6.5% decrease from 2017.

4. HOW WE COMPARE

PERS uses the services of a third-party benchmarking firm (CEM Benchmarking, Inc.) to compare its costs, services, and performance to other public retirement systems. CEM Benchmarking makes various adjustments in calculating total cost figures to make comparisons among differing systems more realistic. For this reason, PERS focuses on how it compares to its peers on an individual pension administration activity level rather than the adjusted overall cost figure presented by CEM. Since the 2018 CEM Benchmarking Analysis has not yet been published, these comparisons are based on the 2017 analysis report.

For 2017, CEM Benchmarking, Inc. reported that while PERS' costs were higher than its peers for some activities, there were also a number of activities where PERS' costs were lower. PERS spent more (cost per unit) for activities such as Pension Payments (\$11 vs. \$10), Disability (\$3,803 vs. \$2,397), Call



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

Center (\$13 vs. \$10), Member 1-on-1 Counseling/Application Assistance (\$138 vs. \$107), Written pension estimates (\$56 vs \$59), Employer/Member Data and Billing (\$22 vs. \$7), Services to Employers (\$8 vs. \$3), Governance (\$10 vs. \$9), Special Projects (\$11 vs. \$7), IT Strategy (\$21 vs \$17), Actuarial services (\$2 vs. \$1) and Legal/rule interpretation (\$9 vs \$5). On the other hand, PERS spent less for activities like Pension Inceptions (\$75 vs \$153), Withdrawals and Transfers-out (\$121 vs \$173), Purchases (\$190 vs. \$413), Mail room/imaging (\$4 vs. \$8), Member Presentations (\$547 vs. \$1,316), Mass communication (\$3 vs. \$4), IT desktop/networks (\$11,168 vs \$14,584), Building/utilities (\$4,441 vs. \$8,665), Human Resources (\$2,420 vs. \$3,809) and Internal/external Audits (\$2 vs. \$3).

5. FACTORS AFFECTING RESULTS

FY2018 total attributable administrative costs (non-inflation adjusted) are down by nearly \$2.3 million from FY2017. This represented a 4% decrease. And with membership numbers increasing by 2.4%, the resulting overall cost per member decreased by 6.5%. One of the main reasons behind the decrease in administrative expenses this year is that there was a significant spike in State Government Service Charges from the Department of Administrative Services during the 2015-17 biennium. This resulted in increased admin expenses for FY2016 and FY2017. But FY2018 started the new 2017-19 biennium, and the spike in those service charges was no longer present.

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.

6. WHAT NEEDS TO BE DONE

PERS' benefit processing workload will increase over the next five to ten years with the inevitable retirement of nearly 70,000 members who are already (or soon will be) eligible to retire. But PERS is committed to limit cost increases in proportion to the workload increase through process and organization efficiencies and improved IT system capabilities. With the policy option packages approved in the 2017-19 Legislatively Approved Budget (as well as the packages in the budget being drafted for the 2019-21 biennium), PERS has positioned itself to be staffed, organized, and technologically supported to handle the projected increasing workload with a stable workforce and improved efficiency. The goal is to mitigate potential significant cost increases with continued enhancements to the ORION IT system, continuous process improvements, and staffing productivity gains and efficiencies.

7. ABOUT THE DATA

This measure is based on data for the Oregon fiscal year period and the calendar year. The cost per member is calculated by dividing the total fiscal year administrative expenses as reported in the PERS Comprehensive Annual Financial Report (CAFR) (not including retiree health insurance premium payments) by the total membership including all active, inactive, and retired members as reported in the calendar year actuarial valuation (plus qualified non-vested inactive OPSRP members and calendar year lump sum and withdrawal recipients that are not included in the actuarial count).

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

KPM #3	MEMBER TO STAFF RATIO Ratio of members to FTE staff	Measure since: 2006
Goal	Increase productivity of staff to improve service to members and retirees.	
Oregon Context	Oregon Benchmark #35: Public Management Quality. Increase efficiency of service to members.	
Data source	Budget/personnel statistics, PERS membership statistics from actuarial valuation, report from CEM Benchmarking, Inc. comparing PERS to its peers.	
Owner	Interim Chief Administration Officer, Louise Plata, 503-603-7550	

1. OUR STRATEGY

PERS aims to deliver high-quality service in a cost-efficient manner. To accomplish this, PERS needs to keep staffing numbers reasonable while continuing to meet statutory obligations and without sacrificing service.

2. ABOUT THE TARGETS

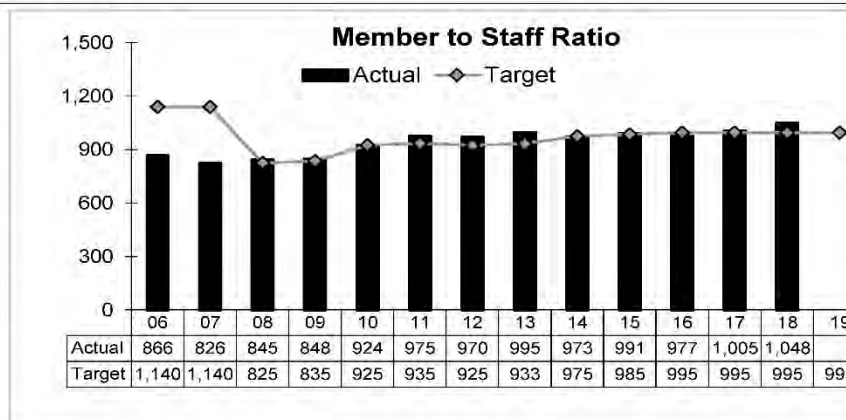
The long-range goal is to gradually increase the number of members served per employee through technology enhancements and process improvements to be implemented over the next two biennia. As with the targets from 2011-2017, the targets for 2017-19 are based on projected membership levels for that biennium, and the staffing requested with the approved budget. The staffing included in 2017-19 represents a 2 % decrease from the staffing at the end of 2015-17. The goal with this KPM is to be at or above the targeted ratio.

3. HOW WE ARE DOING

PERS' member to staff ratio increased to 1,048:1 in FY2018, up from 1,005:1 in FY2017. The staffing for FY18 decreased by 1.8% from FY17 levels, while the membership levels are up by 2.4% 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.

4. HOW WE COMPARE

When comparing retirement system peers, PERS' benchmarking consultant, CEM Benchmarking, Inc. uses adjusted staffing and membership criteria that differs from the standard system of measurement presented with this KPM. But comparisons to peers can still be drawn on an individual benefit administration activity level. The 2018 CEM Benchmarking Analysis has not yet been published, so these comparisons are based on the 2017 analysis report. These figures factor in the number of FTE directly involved in each activity (no support or indirect FTE included), and the listed figures represent direct FTE per 10,000 active members and retirees.



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For Fiscal Year 2017, 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 for activities like Paying Pensions (.40 vs .27), Pension Inceptions (.54 vs .39), Refunds (.45 vs .20), Purchases (.26 vs .15), Call Center (.93 vs .78), Mail Room/Imaging (.45 vs .29), Written Pension Estimates (.38 vs .18), Mass Communication (.21 vs .20), Employer Data, Money and Services (2.18 vs .70), Governance and Financial Control (.69 vs .63), Major projects (.53 vs .16), Information Technology (2.36 vs 1.33), Human Resources (.29 vs .19), Actuarial Services (.11 vs .02) and Legal and Rule Interpretation (.73 vs .24). But PERS was lower staffed per 10,000 members versus its peer average for activities like Disability (.29 vs .32), Member 1-on-1 counseling/application assistance (.19 vs .25), Member Presentations (.12 vs .18), Building services (.04 vs .14) and Internal Audits (.15 vs .21).

5. FACTORS AFFECTING RESULTS

In considering the peer comparison results listed above, note that PERS was observed to be the third most complex system among nearly 70 other domestic and international public retirement systems identified in the CEM Benchmarking, Inc. Benchmarking Analysis for 2017. 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 includes staffing of 375 positions (372.43 FTE), a decrease of 45 positions (11 percent) from the FY 03-05 peak staffing.

6. WHAT NEEDS TO BE DONE

Demographic research shows that the next five to ten years will see a dramatically increasing number of members who qualify for retirement benefits. While the rising volume of retirements is an issue facing most public pension systems, PERS has also been challenged by transitioning to a newly developed and implemented IT system. This situation is expected to improve as staff adapts to the functionality provided by that system and the operational demands of statutory changes and program expansions (OPSRP and IAP) are normalized.

In the long term, the improved IT systems will lead to more streamlined processes, allowing the agency to continue to handle increasing workloads with stabilized staffing.

7. ABOUT THE DATA

This measure is based on data for the Oregon fiscal year period and the calendar year. The member per staff ratio is calculated by dividing the total customer service membership base by the by total FTE staff per June PICS reports. The customer service membership base includes all active, inactive and retired members per the calendar year actuarial valuation, plus qualified non-vested inactive members and calendar year lump sum and withdrawal recipients.

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

KPM #4	ACCURATE BENEFIT CALCULATIONS Percent of service retirement monthly benefits accurately calculated to within \$5 per month	Measure since: 2012
Goal	Pay the right person the right benefit at the right time.	
Oregon Context	Oregon Benchmark #59: Independent Seniors. Encourage member independence and financial well-being into retirement.	
Data source	Annual internal audit of sample from Benefit Payments Division service retirement calculations	
Owner	Assistant Chief Operations Officer Sam Paris, 503-603-7654	

1. OUR STRATEGY

Our agency's mission is to pay the right person the right benefit at the right time. Calculating benefits accurately the first time is a key element of this mission.

2. ABOUT THE TARGETS

Our goal is to accurately calculate the service retirement benefits to within \$5 per month 100% of the time.

3. HOW WE ARE DOING

In FY2018, initial service retirement benefit calculations were accurate to within \$5 per month for 100% of the calculations included the annual random sample audit. The performance increased 3% in its seventh KPM year in FY2018. This is the first year in the measure's run that it has reached the 100% mark.

4. HOW WE COMPARE

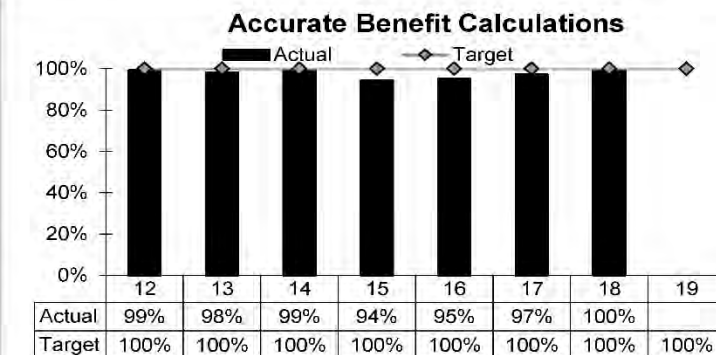
While we do use the services of a third-party benchmarking consultant (CEM Benchmarking, Inc.), the accuracy of benefit calculations is not one of the comparators they use.

5. 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 2018.

6. WHAT NEEDS TO BE DONE

The agency has taken considerable efforts to improve the accuracy of benefit calculations. There have been three primary areas of focused improvement in this regard. First is the accuracy audit on which this KPM is based. The annual audit is performed by our internal auditors and began in 2008. Second is regular internal quality assurance sampling of benefit calculations. Operations staff randomly test the benefit calculations to ensure that errors are being found and corrected before the benefit goes out the door. Third, IT system improvements have improved the accuracy of the calculations.



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

7. ABOUT THE DATA

This measure is based on data for the Oregon fiscal year period. The data is based on a sample audit of 60 Operations Division benefit calculations. The audit is conducted by PERS internal audits staff on an annual basis, and consist of Tier 1 calculations, Tier 2 calculations, and OPSRP calculations. The random sample included monthly annuity and lump sum benefits, as well as lump sum plus annuity benefits.

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KPM #5	LEVEL OF PARTICIPATION Percent of state employees participating in the deferred compensation program.	Measure since: 2006
Goal	Increase voluntary participation by state employee members in Deferred Compensation Program	
Oregon Context	Encourage member independence and financial well-being into retirement. Has an effect on Oregon Benchmark #59: Independent Seniors.	
Data source	Deferred Compensation records, along with reports from Oregon Savings Growth Plan (OSGP) Third party administrator, ING	
Owner	Deferred Compensation Manager Roger Smith, 503-330-7536.	

1. OUR STRATEGY

PERS' Deferred Compensation program, the Oregon Savings Growth Plan (OSGP), understands that the financial demands on current and future retirees are increasing. So OSGP aims to provide Oregon public employees with another option to help supplement their PERS benefits and help bridge the gap between retirees' financial needs and their PERS benefits. To remain a valued option for PERS members, OSGP's goal is to provide solid investment options and to educate participants about the importance of retirement preparation through participation in this supplemental savings program.

2. ABOUT THE TARGETS

While the participation has been increased by 1% annually over the last 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 40% range. Considering a national average participation rate of 26% among similar deferred compensation plans, target in the low 40% range still puts OSGP well ahead of its peers. During the 2017-19 budget approval cycle, the targets were increased to 50% by LFO.

3. HOW WE ARE DOING

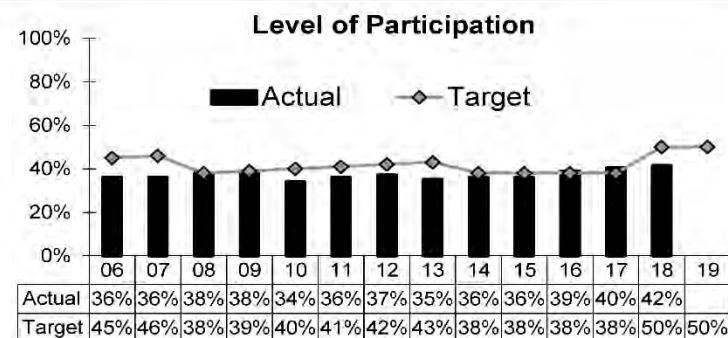
State government employee participation in OSGP increased to 41.5% in FY2018, up from 40.4% in FY2017.

4. HOW WE COMPARE

The National Association of Government Defined Contribution Administrators (NAGDCA) conducts a periodic survey that measures participation in optional state and local government defined contribution plans. In recent survey results, NAGDCA reported that, among the responding state plans, 26% of the eligible employees participated in optional plans like OSGP. So, at 41.5% participation among state employees, OSGP is performing ahead of the national average participation rate for similar plans.

5. FACTORS AFFECTING RESULTS

Because OSGP is voluntary for state employees, to have both a relatively high rate of penetration and 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



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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.

6. WHAT NEEDS TO BE DONE

Data shows that participation does not often change drastically from year to year, and the participation rate remains difficult to control or impact. And when factoring in the effect that the many upcoming retirements and the poor economic conditions will have on OSGP participation rates, it will be important for OSGP to educate and remind existing and new employees of the benefits of participating in the program. Statistics show that the number of employees retiring from the program roughly equals the numbers of new hires, so reaching new employees is vital to the participation success.

OSGP staff are doing their best to educate new employees on the value of enrolling in the plan. There have been increases in on-site visits to various employers, as well as workshops, online videos and targeted mailings. OSGP has also hosted an annual retirement expo each fall in order to encourage new enrollments.

7. ABOUT THE DATA

This measure is based on data for the Oregon fiscal year period. The data is provided by OSGP's third-party administrator, ING. Because the available records of certain participating employee groups (Higher Ed, miscellaneous small agencies and participating local government entities) are more difficult to verify, only Oregon State Payroll System (OSPS) employees are factored in this measure. OSPS records are easily verifiable and make for stable comparisons from year to year.

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KPM #6	CUSTOMER SERVICE Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information	Measure since: 2006
Goal	To improve customer satisfaction through effective and efficient delivery of retirement benefits.	
Oregon Context	#35: Public Management Quality - Citizen satisfaction with government services.	
Data source	Agency-administered survey (SurveyMonkey.com online tool was used, along with a hard copy provided in the retiree newsletter).	
Owner	Chief Operations Officer Yvette Elledge, 503-603-7685	

1. OUR STRATEGY

PERS is committed to providing high-quality, cost-effective customer service. The goal is to deliver effective and efficient service to PERS members, employers, and stakeholders. The customer satisfaction surveys help to determine areas of strength and needed improvement. PERS management will make strategic decisions, based on the survey results, to place resources and effort where improvement is needed.

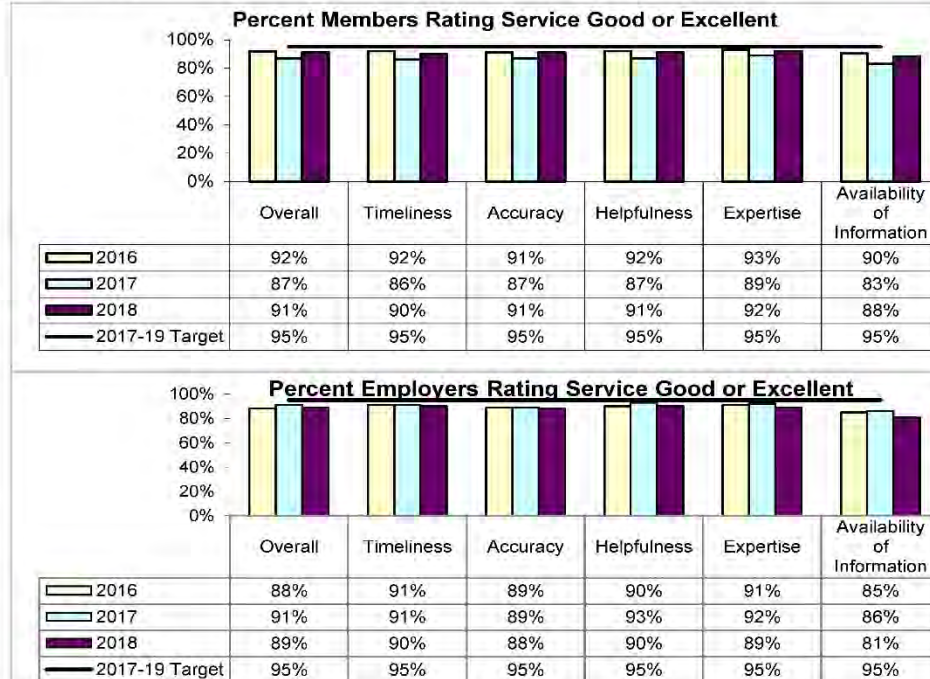
2. ABOUT THE TARGETS

The existing goal had been to maintain 80% of customers rating their PERS service as good or excellent. But during the budget process for the 2011-13 biennium, the Legislative Fiscal Office requested PERS to increase the member satisfaction targets to 95% moving forward.

3. HOW WE ARE DOING

For the FY2018 member survey, PERS received improved ratings over the 2017 levels in all categories. Members rated PERS between 88% and 92% "good" or "excellent", with 91% of members rating PERS overall service as good or excellent. Members rated PERS highest in Expertise (92%) and lowest in Availability of Information (88%).

In the FY2018 employer survey, the results reflected slight decreases in every category. Employers rated PERS between 81% and 90% "good" or "excellent," with



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89% of employers rating PERS overall service as excellent or good. Employers rated PERS highest in Timeliness and Helpfulness (90%) and lowest in Availability of Information (81%).

4. HOW WE COMPARE

PERS uses the services of a benchmarking consultant (CEM Benchmarking, Inc.), but customer satisfaction ratings in these categories is not one of the comparators. In accessing a sampling of other state agency customer satisfaction results, the average customer service category satisfaction ratings fell between 51% and 96%, with an average across the sample of about 80%. PERS' member and employer ratings would fall at the high end of that range, and well ahead of the sample average.

5. 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 call wait times, PERS website and the timeliness of estimate requests as areas of needed improvement.

For the Employer survey, we sought feedback from a greater number of employer staff (as opposed to just payroll processors). This may have affected the ratings this year. Employers also noted employer statements and the PERS employer website as areas of needed improvement.

6. WHAT NEEDS TO BE DONE

PERS is seeking to respond to the areas of improvement that members voiced in the survey. The Member Info Center (MIC) continues to explore technology aimed at improving the member calling experience, and is nearly at full staffing capacity as of this fall. PERS is working on long-term plans to modernize Online Member Services in order to give members better access to more actionable retirement planning information. And PERS is working on better communication efforts with the benefit estimate process so that members better understand what to expect with regards to the timing of the estimate requests.

In response to the noted areas of improvement from the employer survey, PERS is working on ways to improve service to employers. The Employer Service Center (ESC) is researching technology improvements to explore various formats for employers to receive and manipulate their employer statements. Through questions added to the annual survey, the ESC is also gaining better understanding of how the employer website could be reorganized to better suit the needs of our employers.

7. ABOUT OUR CUSTOMER SERVICE SURVEY

The member satisfaction survey was conducted by PERS staff using the online SurveyMonkey.com tool and hard copy surveys included in the agency's *Perspectives* newsletter mailed to retired members. The survey link was delivered to members using the GovDelivery tool, improving our ability to reach members and garner additional responses. The survey was open during August 2018. The population is consumers, since members are end users of PERS services. Since PERS left the survey open to the full population of members, the sampling procedure could be considered a passive census. Out of approximately 390,000 members, PERS received over 7,600 responses, or a 2% response rate. This was a 65% increase in responses over last year's 4,600 responses. There was no weighting involved with the tabulation of results.

The employer survey was also conducted by PERS staff using the online SurveyMonkey.com tool. The survey was open during August 2018, and it was delivered to employers using the email listserv, as well as posting the link on the employer website. The employer population could be considered clients, and

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for the sampling frame, PERS left the survey open to all employers (open to payroll processors, as well as HR staff and other officers). The sampling procedure would be considered a passive census. Out of over 900 employers, PERS received 320 responses, a 17% increase over last year's 274 responses.

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

KPM #7	TIMELY BENEFIT ESTIMATES Percent of benefit estimates processed within 30 days	Measure since: 2008
Goal	To prepare and deliver benefit estimates effectively and efficiently.	
Oregon Context	Oregon Benchmark #59: Independent Seniors. Encourage member independence and financial well-being into retirement.	
Data source	Operations Division (OD) statistics	
Owner	Chief Operations Officer Yvette Elledge, 503-603-7685	

1. OUR STRATEGY

PERS understands that receiving timely and accurate benefit estimates is a crucial component of retirement planning. To make sure members have all available information they need to properly plan for retirement, PERS is focused on providing member benefit estimates within 30 days of a qualified request.

2. ABOUT THE TARGETS

PERS' continued goal is to deliver benefit estimates within 30 days at least 95% of the time, and this targeted level of service has been continued through 2017-19.

3. HOW WE ARE DOING

For FY2018, PERS provided member benefit estimates within 30 days 34% of the time. This is a decrease from the FY2017 performance of 52%.

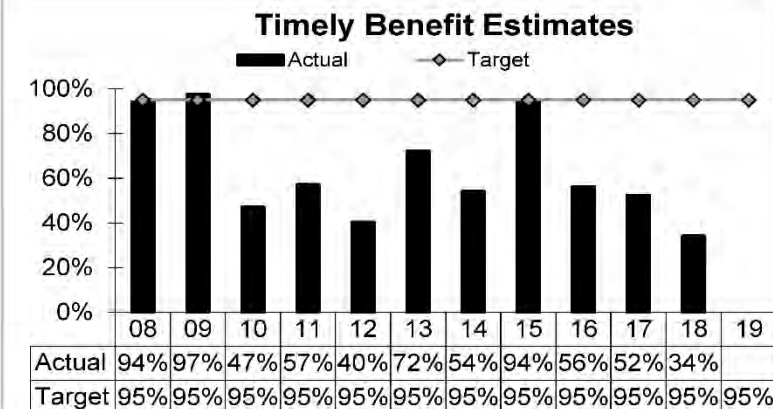
4. HOW WE COMPARE

Using the services of a third-party benchmarking consultant (CEM Benchmarking, Inc.), PERS is able to compare its performance with that of its peers. According to CEM Benchmarking, Inc., the average time for preparing benefit estimates among PERS' peers was 9.4 days in fiscal year 2017 (CEM's 2018 report is not yet published). By comparison, PERS processed benefit estimates in an average of 15 days during FY2017. Though our performance wasn't as fast as our peers, it is worth noting that PERS also provides up to 3 different benefit calculations and 15 different benefit option scenarios with each estimate, as compared to an average of only 3 benefit option scenarios among its peers.

5. FACTORS AFFECTING RESULTS

During FY2018, the benefit estimate process was lower than our targeted performance due to continued staffing constraints that impacted the processing time. There was staff turnover affecting the benefit estimate team, and much of the year was spent hiring and training replacements.

There was an effort taken with the PERS Outcome Based Management System Council to meet with key staff and stakeholders involved in the process and evaluate potential solutions for improvement. This effort helped to develop strategies aimed at streamlining the process, which resulted in a 24% improvement in the first quarter the strategies were implemented.



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

6. **WHAT NEEDS TO BE DONE**

PERS will continue efforts to bring new staff up to full competency. We will reduce backlogs by focusing on estimates by received date order and to steer our members to using our improved Generate Benefit Estimates tool in Online Member Service (OMS). Based on initial results, PERS will also continue implementing the strategies for streamlining the process. One of the key strategies involves pre-coding the incoming estimate requests and directing them to the appropriate staff on the team.

7. **ABOUT THE DATA**

This measure is based on data for the Oregon fiscal year period. The data is based on tracked performance statistics provided by the Operations Division at PERS.

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KPM #8	BEST PRACTICES: Percent of best practices met by Board/Commission.	Measure since: 2008
Goal	To achieve best practices in governance of PERS	
Oregon Context	#35: Public Management Quality - Citizen satisfaction with government services.	
Data source	Biennial self-administered survey.	
Owner	Executive Director Kevin Olineck, 503-603-7695	

1. OUR STRATEGY

The PERS Board is committed to working with the Executive Director and the Executive Management team to implement best practices in the governance of agency operations. In its initial self-assessment in 2008, the Board considered the 15 DAS-assigned best practices criteria and added 3 additional criteria they felt would also be beneficial to consider. These additional criteria are not scored for purposes of this KPM. This format will continue to be applied each biennium.

2. ABOUT THE TARGETS

The PERS Board's goal is to meet 100% of the best practices criteria for this measure.

3. HOW WE ARE DOING

The PERS Board completed the self-assessment survey process for the 2015-17 biennium using the online SurveyMonkey.com tool in November 2017. The 2017-19 survey will be conducted within the Fiscal Year 2019.

Continuing the approach used in previous biennia, the Board assessed their 2015-17 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.

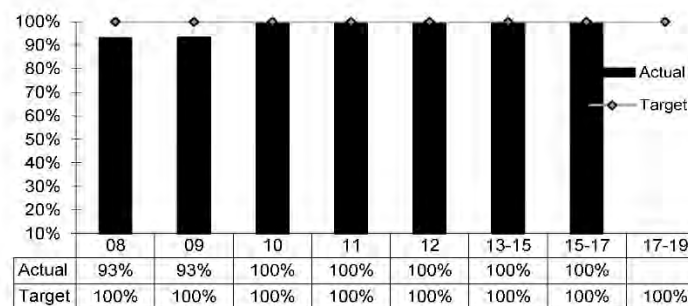
4. HOW WE COMPARE

In past samplings of the Annual Performance Progress Reports of other similar state agency boards, the scores generally fell between 87% and 100%, with an average of about 98%. The PERS Board is in line with this scoring with a 100% rating in 2015-17.

5. 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.

Percent of Yes Responses



BUDGET NARRATIVE

PUBLIC EMPLOYEES RETIREMENT SYSTEM

II. KEY MEASURE ANALYSIS

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

6. WHAT NEEDS TO BE DONE

While the PERS Board did realize a majority favorable rating on 100% of the 15 criteria for the 2015-17 biennium, there were three of the criteria that received a single vote of “does not meet”: Criteria 2, “The Executive Director’s performance is evaluated each biennium”; Criteria 8, “The Board reviews all proposed budgets and supplemental requests”; and Criteria 14, “Board members identify and attend appropriate training sessions.” 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 Chair of the Board 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.

7. ABOUT THE DATA

This measure is based on results for the 2015-17 biennium. The PERS Board completed the self-assessment in November 2017. The next assessment for the 2017-19 biennium will be reported in FY2019.

BUDGET NARRATIVE

PUBLIC EMPLOYEES RETIREMENT SYSTEM

III. USING PERFORMANCE DATA

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

Contact: Matthew Rickard, Senior Retirement Data Analyst	Phone: (503) 603-7576
Alternate:	Phone:

The following questions indicate how performance measures and data are used for management and accountability purposes.

1 INCLUSIVITY Describe the involvement of the following groups in the development of the agency's performance measures.	<ul style="list-style-type: none"> Staff: The 2017-19 approved KPMs were developed by PERS staff and executive management and reviewed by the PERS Board. Elected Officials: Elected officials have reviewed and approved the 2017-19 KPMs and targets as a part of the Ways and Means process. Stakeholders: Staff met with key management and stakeholders to determine how each measured success. The KPMs were then formed using strict selection criteria to ensure accuracy, longevity, and applicability to each program. Citizens: While citizens are not involved in the KPM formation process, the annual results are posted on the DAS Budget and Management KPM and PERS websites for the general public to view.
2 MANAGING FOR RESULTS How are performance measures used for management of the agency? What changes have been made in the past year?	The results are used to gauge PERS' progress versus previous performance, as well as its peers. PERS has recently implemented a new outcome-based management system approach. This new system uses enterprise level process and outcome measure scorecards that are presented on a quarterly basis. Performance results are also used in the formation of business plans and in development of the agency's biennial budget. The agency's strategic plan and tactical plans are also linked to the performance measures to guide longer-term management of the agency. One positive effect of analyzing the previous results involves the improved focus on customer service, and the resulting higher member and employer ratings each year.
3 STAFF TRAINING What training has staff had in the past year on the practical value and use of performance measures?	In the KPM formulation process, meetings with managers and stakeholders have taken place to educate them on the KPM process and to help them understand how the measures can be useful in program and agency management. Staff working directly with the KPMs also have attended statewide KPM trainings and participated in most of the KPM informational meetings.
4 COMMUNICATING RESULTS How does the agency communicate performance results to each of the following audiences and for what purpose?	<ul style="list-style-type: none"> Staff: Results are posted on PERS' internal network, included along with sectional budget execution reports for managers, posted on the PERS website for general staff, and reviewed by the PERS Board. Elected Officials: Results are communicated through the Annual Performance Progress Report and as part of the agency's biennial budget request. Stakeholders: Results are reported directly to the PERS Board and posted on the PERS website for other stakeholders. Citizens: The results are posted on the DAS website and the PERS website.

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 2015-2017 biennium and thus far in the 2017-2019 biennium:

2015-2017 biennium

Report # 2015-27: State Agencies Respond Well to Routine Public Records Requests, but Struggle with Complex Requests and Emerging Technologies

PERS was one of nine agencies included in this audit. Recommendations were addressed to the Department of Administrative Services and the Oregon Legislature.

Report # 2015-33: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015

No significant deficiencies or material weaknesses

Report # 2016-10: Audit of Schedule of Employer Allocations for the Fiscal Year Ended June 30, 2015

No significant deficiencies or material weaknesses

Report # 2016-36: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

No significant deficiencies or material weaknesses

Report # 2017-06: Audit of Schedule of Employer Allocations for the Fiscal Year Ended June 30, 2016

No significant deficiencies or material weaknesses

2017-2019 biennium

Report # 2017-31: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017

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

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

No significant deficiencies or material weaknesses

Report # 2018-14: Audit of RHIPA Schedule of OPEB Amounts for the Year Ended June 30, 2017

No significant deficiencies or material weaknesses

BUDGET NARRATIVE

Supervisory Span of Control Report

The Agency actual supervisory ratio is calculated using the following calculation;

$$30 = 33 + 0 - (\underline{\quad 3 \quad})$$

(Total supervisors) (Employee in a supervisory role) (Vacancies that if filled would perform a supervisory role)

(Agency head)

$$384 = 323 + 61 \text{ (Used ORPICS Report as of 10/31/19)}$$

(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-

$$1: 11 = \underline{323} / \underline{30}$$

(Actual span of control) (Total non - Supervisors) (Total Supervisors)

BUDGET NARRATIVE

Affirmative Action Report

Progress Made or Lost Since Previous Biennium

During the 2017-2019 biennium, PERS has been involved with activities to attract and retain a diverse workforce and have met or exceeded parity in some EEO categories. For people of color, there were gains in the Officials/Administrators, Administrative Support, and the Professional categories. The information in the charts below came from the Workforce Representation Reports, which are included in this Affirmative Action Plan and can be reviewed for more detailed information about the workforce representation at PERS.

There is still work required to reach parity in some EEO categories, and PERS continues to work to meet and exceed parity in all EEO categories. The plan of action for 2019-2021 biennium is discussed later in this narrative.

The charts below show the changes in numbers of employees for Women, People with Disabilities, People of Color, and each subcategory for people of color between July 1, 2016, and June 30, 2018.

BUDGET NARRATIVE

AGENCY WORKFORCE REPRESENTATION:

WORKFORCE REPRESENTATION

WOMEN

EEO-4 CATEGORY	TOTAL EE 2015- 2017	NUMBER WOMEN 2015-2017	TOTAL EE 2017- 2019	NUMBER WOMEN 2017- 2019	% CHANGE IN # WOMEN
A. Officials/Admin	33	13	29	15	15.38%
B. Professionals	255	163	255	166	1.84%
C. Technicians	6	3	7	3	0.00%
F. Admin Support	51	44	48	42	-4.55%
G. Skilled Craft Worker	1	1	0	0	-100%
H. Service Maintenance Worker	1	0		0	0.00%
AGENCY TOTAL	347	224	340	226	.89%

Note change in number
of total agency
employees:

% -2.02

NOTE: 2015-2017 data is from June 2016 DAS statistics. The 2017-2019 data is from June 2018 DAS statistics.

Women

We increased our percentage of women by .89 percent in the 2015-2017 biennium compared to the 2015-2017 biennium. The total number of agency employees, both men and women, decreased by 2.02 percent. We experienced an increase in our women representation in the official/Admin, Professionals,

Worker categories: There were no changes in our women representation in the Technicians and Service Maintenance Worker categories. We experienced a decrease in our women representation in the Administrative support and Skilled Craft Worker category, but are not underutilized. Even though we increased our representation of women in the Officials/Administrators category and Professional category, women are still underutilized in the Professional category as compared to the DAS statistics. In our current and future recruitments, we will continue to make our managers aware of the underutilization of females in the Professionals categories.

BUDGET NARRATIVE

WORKFORCE REPRESENTATION

PEOPLE WITH DISABILITIES

EEO-4 CATEGORY	TOTAL EE 2015-2017	NUMBER DISABLED 2015-2017	79	79	% CHANGE IN # DISABLED
A. Officials/Admin	33	1	29	0	-100.00%
B. Professionals	255	10	255	12	20.00%
C. Technicians	6	0	7	0	0.00%
F. Admin Support	51	3	48	5	66.67%
G. Skilled Craft Worker	1	0	0	0	0.00%
H. Service Maintenance Worker	1	0	1	0	0.00%
AGENCY TOTAL	347	14	340	17	21.43%

Note change in number of
total agency employees:

-
2.02%

NOTE: 2015-2017 data is from June 2016 DAS statistics. The 2017-2019 data is from June 2018 DAS statistics.

People with Disabilities

Five percent of our total employees have disabilities. We continue to be welcoming to people with disabilities by providing access and reasonable accommodations under the Americans with Disabilities Act. There was an increase of 21.43% in our percentage of disabled employees in the 2017-2019 biennium compared to the 2015-2017 biennium. The total number of agency employees, both men and women, decreased by -2.02 percent. We experienced a decrease in the Officials/Admin category and it create underutilization by 1.7%. We experienced an increase in the Professionals and Admin Support categories. There were no changes in our Technicians, Skilled Craft Workers, Service Maintenance Worker categories. Although there were no changes in those categories, we are still underutilized in the Technicians category as compared to the DAS statistics. In our current and future recruitments, we will continue to make our managers aware of the underutilization of disabled persons in the Officials/Administrators and Professional categories. We are going to continue to pursue posting our job links with various Vocational Rehabilitation Services in the area to help correct the underutilization.

BUDGET NARRATIVE

WORKFORCE REPRESENTATION

PEOPLE OF COLOR

EEO-4 CATEGORY	TOTAL EE 2015-2017	NUMBER POC 2015- 2017	79	79	% CHANGE IN # POC
A. Officials/Admin	33	4	29	5	25.00%
B. Professionals	255	49	255	49	0.00%
C. Technicians	6	0	7	0	0.00%
F. Admin Support	51	12	48	11	-8.33%
G. Skilled Craft Worker	1	0	0	0	0.00%
H. Service Maintenance Worker	1	1	1	1	0.00%
AGENCY TOTAL	347	62	340	66	6.45%

Note change in
number of total
agency employees:

-2.02

NOTE: 2015-2017 data is from June 2016 DAS statistics. The 2017-2019 data is from June 2018 DAS statistics.

People of Color

There was a positive change in our overall percentage of people of color in the 2017-2019 biennium compared to the 2015-2017 biennium. We increased our percentage of Officials/Admin by 25.00 percent; We experienced a loss in the Admin Support category by 8.33 percent. In our current and future recruitments, we will continue to make our managers aware of the underutilization.

BUDGET NARRATIVE

Breakdown of People of Color by Category

WORKFORCE REPRESENTATION

AFRICAN AMERICANS

EEO-4 CATEGORY	TOTAL EE 2015- 2017	NUMBER AFR AMER 2015-2017	TOTAL EE 2017- 2019	NUMBER AFR AMER 2017-2019	% CHANGE IN # AFRICAN AMERICANS
A. Officials/Admin	33	0	29	0	0.00%
B. Professionals	255	5	255	6	20.00%
C. Technicians	6	0	7	0	0.00%
F. Admin Support	51	1	48	1	0.00%
G. Skilled Craft Worker	1	0	0	0	0.00%
H. Service Maintenance Worker	1	0	1	0	0.00%
AGENCY TOTAL	347	6	340	7	16.67%

Note change in
number of total
agency employees:

-2.02

NOTE: 2015-2017 data is from June 2016 DAS statistics. The 2017-2019 data is from June 2018 DAS statistics.

For African Americans, we experienced an increase in our overall agency representation by 16.67 percent. There was no change reported in the Technicians, Officials/Administrators, Administrative Support, Skilled Craft Worker, and Service Maintenance Worker categories. We experienced an increase in representation in the Professionals category by 20 percent. We gained ground on hiring African Americans into the professional positions and are below our goal. We will continue to target this group by developing relationships with the Portland Urban League and by having diverse interview panels. We have been in contact with the Portland Urban League to collaborate on activities that will attract African American candidates to PERS, such as offering informational interviews to diverse individuals. We will encourage African American employees to be part of our presentation team for recruitment at job fairs and interview panels. Increasing our number of African American professionals will give them experience within PERS to encourage future promotions into management, other professional and technical positions.

BUDGET NARRATIVE

WORKFORCE REPRESENTATION

HISPANIC AMERICANS

EEO-4 CATEGORY	TOTAL EE 2015- 2017	NUMBER HISP AMER 2015- 2017	TOTAL EE 2017- 2019	NUMBER HISP AMER 2017-2019	% CHANGE IN HISPANIC AMERICANS
A. Officials/Admin	33	2	29	2	0.00%
B. Professionals	255	5	255	4	-20.00%
C. Technicians	6	0	7	0	0.00%
F. Admin Support	51	4	48	3	-25.00%
G. Skilled Craft Worker	1	0	0	0	0.00%
H. Service Maintenance Worker	1	0	1	0	0.00%
AGENCY TOTAL	347	11	340	9	-18.18%

Note change in
number of total
agency employees:

-2.03%

NOTE: 2015-2017 data is from June 2016 DAS statistics. The 2017-2019 data is from June 2018 DAS statistics.

For Hispanic Americans, we decreased our overall agency representation by 18.18 percent. There was no change reported in the Technicians, Officials/Administrators, Skilled Craft Worker, and Service Maintenance Worker categories. Although representation stayed the same in these categories, we will continue to focus on increasing representation in the Officials/Administrators and Professionals categories. We experienced a decrease () in the Professionals and Administrative Support categories.

We are below the goal for Hispanic Americans in some categories. We will continue to pursue outreach activities through developing relationships with key Hispanic centers and continue to target this group with our advertisements, any job fairs specific to the Hispanic Community, and have diverse interview panels.

BUDGET NARRATIVE

WORKFORCE REPRESENTATION

ASIA/PACIFIC ISLANDER AMERICAN

EEO-4 CATEGORY	TOTAL EE 2015- 2017	NUMBER ASIA/PAC AMER 2015-2017	TOTAL EE 2017- 2019	NUMBER ASIA/PAC AMER 2017- 2019	% CHANGE IN # ASIA/PAC ISLAND AMERICAN
A. Officials/Admin	33	1	29	2	100.00%
B. Professionals	255	36	255	37	2.78%
C. Technicians	6	0	7	0	0.00%
F. Admin Support	51	5	48	5	0.00%
G. Skilled Craft Worker	1	0	0	0	0.00%
H. Service Maintenance Worker	1	0	1	0	0.00%
AGENCY TOTAL	347	42	340	44	4.76%

Note change in
number of total
agency employees:

-2-02%

NOTE: 2015-2017 data is from June 2016 DAS statistics. The 2017-2019 data is from June 2018 DAS statistics.

For Asian/Pacific Islanders, we increased our overall representation by 4.76 percent. We experienced an increase in representation in the Officials/Admin and Professionals categories. We are not underutilized in any of the categories. Even though we are not underutilized in the categories, we will continue to target this group with our advertisements and have diverse interview panels.

BUDGET NARRATIVE

WORKFORCE REPRESENTATION

NATIVE AMERICAN

EEO-4 CATEGORY	TOTAL EE 2015- 2017	NUMBER NATIVE AMER 2015-2017	TOTAL EE 2017- 2019	NUMBER NATIVE AMER 2017- 2019	% CHANGE IN # NATIVE AMERICAN
A. Officials/Admin	33	1	29	1	0.00%
B. Professionals	255	3	255	2	-33.33%
C. Technicians	6	0	7	0	0.00%
F. Admin Support	51	2	48	2	0.00%
G. Skilled Craft Worker	1	0	0	0	0.00%
H. Service Maintenance Worker	1	1	1	1	0.00%
AGENCY TOTAL	347	7	340	6	-14.29%

Note change in
number of total
agency employees:

-2.02%

NOTE: 2014-2017 data is from June 2016 DAS statistics. The 2017-2019 data is from June 2018 DAS statistics.

For Native Americans, we decreased our overall agency representation by 14.29 percent. There were no changes reported in the Officials/Administrators, Technicians, Administrative Support or Skilled Craft Worker categories. We are still underutilized and had a decrease in the Native American representation of Professionals by 14.29 percent. This will be the area of emphasis for the 2019-2021 biennium. We are exploring outreach opportunities with Native American groups such as the local Confederated Tribes of Grande Ronde to see how we can put ads or articles in their newsletters and will contact the Oregon Native American Chamber of Commerce to discuss any opportunities to partner with them.

BUDGET NARRATIVE

Summary

During the 2019-2021 biennium, efforts will be focused on attracting and retaining a diverse workforce, including women, people with disabilities, and people of color. Although disclosing information about ethnicity or disability is purely voluntary in the application process, PERS will attempt to capture more accurate statistics about our workforce representation through voluntary disclosure once the employee is hired.

Although PERS met many of its Affirmative Action goals, PERS continues to work towards meeting the long range goals for the 2019-2021 biennium. However, recruiting people of Hispanic and Native American continues to be a challenge for professional positions.

PERS continues to have diverse interview panels and provides training for managers on interviewing and promoting cultural awareness. PERS provides harassment/discrimination training for all managers and staff and will conduct this training again before the end of 2018. We need to increase the presence of Native Americans and Hispanics in our candidate pools and to find ways of making PERS more welcoming to diverse groups of people. Within our agency, members of the Executive Leadership Team have been attending new employee networking sessions to meet new employees and have a friendly face for contact. Additionally, there is a new segment in the orientation to make new employees aware of the Diversity Committee, their purpose, and to create cultural awareness. We will continue to increase our diversity promotions within PERS to make women, people of color, and people with disabilities feel welcome.

PERS does extensive recruitment through colleges, companies facing reductions in workforce, Job Corps, the Department of Veterans Affairs, Vocational Rehab and Employment, other Vocational Rehabilitation Services, and the Internet. We use the State of Oregon website as well as Dice and LinkedIn. We go through organizations related to specific positions such as Human Resources, Information Technology or Accounting.

PERS met some of the long-range goals for the 2017-2019 biennium. Due to challenges in the 2015-17 biennium some of our goals were not attained. However we have a renewed interest and commitment in meeting our affirmative action goals in 2017-2019. PERS will work on increasing diversity activities to encourage retention of women and people of color. We will continue to write diversity articles for our internal newsletters and support activities through the Diversity Committee.

We will work with our recruiter, in partnership with our Diversity Committee, to find ways to recruit and retain a more diverse candidate pool.

BUDGET NARRATIVE

JULY 1, 2017 – JUNE 30, 2019

A. Goals

The Affirmative Action goals for the Oregon Public Employees Retirement System for the 2017-2019 biennium are the following:

1. Continue to educate and provide managers with strategies to hire more employees from diverse backgrounds. Increase timely annual performance evaluations of managers that measure their responsibility to participate in and promote affirmative action activities.
2. Utilize creative means to advertise vacancies to people of color, people with disabilities, and women. Maintain a consistent presence and develop relationships with higher education and local ethnic groups like the Urban League of Portland to encourage potential candidates who are persons of color to identify PERS as an employer that values diversity and is an employer of choice. Keep executives and managers abreast of our progress through quarterly affirmative action reports.
3. Continue to focus on developing a PERS work environment that is attractive to a diverse pool of applicants, retains employees, and is accepting and respectful of employees' differences.
4. Conduct biennium training for employees and managers on the Affirmative Action Plan and on workplace harassment and discrimination, and maintaining a professional workplace.
5. Attend outreach events targeting people of color, people with disabilities, and women.
6. Offer career development and training opportunities for employees of color, employees with disabilities, and female employees to prepare them for advancement.
7. Utilize agencies which promote people with disabilities entering the state workforce such as St. Vincent De Paul and Galt in the hiring of temporary employees. Encourage these temporary employees to train and apply for permanent positions at PERS.
8. Support the goals and activities of the PERS Diversity Committee whose purpose is to promote diversity in the workplace and develop strategies to achieve PERS affirmative action goals.
9. Continue with community outreach activities that benefit diverse populations and use these opportunities to promote PERS as a great place to work.
10. Send out voluntary self-identification worksheet to gather updated EEO data by January 2017.
11. Work with the PERS Executive Leadership Team to evaluate the need for a new diversity, equity and inclusion assessment. Collect new data to establish an understanding of current cultural perceptions and practices at PERS. Utilize data findings to create a new cultural competency initiative for the 2017-2019 biennium.
12. Explore ways to gather better human capital analytics including data on veterans.
13. Review the past cultural competencies report and create an agency training plan for the 2017-2019 biennium.

BUDGET NARRATIVE

14. As we revise our succession planning program, explore how a mentorship and internship program could be utilized.
15. Continue to develop and implement a comprehensive Management Training Series focusing on management and leadership competencies to ensure our leaders have the skills necessary to manage people.
16. Encourage increased participation in Diversity Committee (DC) events through educational promotion by the committee members within the agency.
17. Encourage increased suggestions and input from PERS Employees on activities and events.
18. To hold DC events at least quarterly to further the group's mission.
19. Review and revise the DC charter to broaden the scope of the committee's focus on larger issues of culture and inclusion. Look at broadening and increasing membership in the Committee.
20. Consider renaming the committee to reflect the revised scope of the charter.
21. Review Management Position Descriptions to assure alignment with Executive Order 16-09
22. Add Diversity measures to the updated 2017 management performance evaluation process

BUDGET NARRATIVE

B. Strategies and Time Lines for Implementation

1. PERS' action plan for employees is to increase awareness, provide additional opportunities for career advancement, provide qualitative and timely feedback, and to instill a culture that supports success at both the individual and agency level. The includes redesigning our New Employee Orientation to include additional information about the Affirmative Action Plan, delivering mandatory trainings, posting the Affirmation Action Plan for employees t review, ;managing the AAP more actively with our managers and Labor Management Committee, and providing more work out of class and job rotation opportunities
2. Managers will increase completion of timely evaluations for employees by 10 percent each year until the goal of 90 percent completion is reached. This will be measured quarterly with all managers and new reports will be designed and rolled out to executive leadership providing monthly data beginning October 2016.
3. All supervisory management evaluations will have a component of rating the employee on effectiveness on achieving affirmative action objectives as a key consideration of the manager's and supervisor's performance. Positions descriptions will be reviewed, and roll out of agency expectations and training for managers will be provided by July 2017.
4. In 2017-2019, PERS will continue to utilize creative means to advertise vacancies to people of color, people with disabilities, and women. We will also continue to maintain a consistent presence and relationship with organizations that target their relationship with people of color through advertising of positions to encourage readers to identify PERS as an employer that values diversity.
5. The Affirmative Action Plan will be reviewed and activities discussed at manager's meetings in 2017-2019. These meetings are held once a month. The schedule to review quarterly affirmative action reports for 2017- 2019 will be as follows:

Manager's Meetings

February, 2017: (report from 4th quarter 2016)

April, 2017: (report from 1st quarter 2017)

July, 2017: (report from 2nd quarter 2017)

October, 2017: (report from 3rd quarter 2017)

February, 2018 (report from 4th quarter 2017)

April 2018 (report from 1st quarter 2018)

July 2018 (report from 2nd quarter 2018)

October 2018 (report from 3rd quarter 2018)

February 2019 (report from 4th quarter 2018)

April 2019 (report from 1st quarter 2019)

6. The recommendations from the 2005 Cultural Competency Assessment have all been implemented. Two of the goals were to continue to be implemented:

BUDGET NARRATIVE

- *“Educate employees on diversity and affirmative action and develop a basic understanding of cultural competencies and how each one plays a role in the individual and workplace.”*
 - *“Institute an ongoing assessment of what is working at PERS and what could be improved.”*
7. “PERS Professional Competency Series” was developed consisting of a set of four development courses. This training program continues to be in effect and provided as requested and throughout the re-organization efforts in 2017-2019.
 8. PERS employees and managers will continue in 2017-2019 to support the Diversity Committee by encouraging employees to participate on the committee when openings are available, volunteering to participate in Diversity activities, and supplying other resources as necessary.
 9. PERS will educate and train all employees in prevention of workplace harassment and discrimination. Completion of the course “Promote a Respectful Workplace by Preventing Discrimination and Harassment” and the “Maintaining a Professional Workplace” policy will be required of all employees and will be completed by October 2016.
 10. PERS will participate in job fairs as appropriate over the 2017-2019 biennium, including continuing our attendance at the Urban League job fair held in Portland, as well as the Latino Career Fair held in Portland. PERS will also participate in job fairs that are targeted to all job seekers, and do not specify any protected class.
 11. Human Resources currently provides one-on-one career counseling to any employee at PERS that wants to take advantage of the service. A “Career Development” website is available to employees and will be updated with the latest materials. Managers will be encouraged to post developmental opportunities such as work-out of class assignments and job rotations so that more employees have an opportunity to participate.
 12. PERS will continue community outreach activities that serve diverse populations. Volunteer activities at the Oregon Food Bank are currently scheduled by the “PERsuing a Better Community” Committee. Activities for 2017-2019 for both the Oregon Food Bank and the Transitional School will be scheduled in late 2016. PERS will continue support of the Transitional School program by hosting Halloween and Back-to-School activities in the 2017-19 biennium.
 13. PERS Affirmative Action representative will consistently attend Affirmative Action workshops. The goal is to increase management personnel attendance at Affirmative Action workshops.
 14. PERS will continue to use the Affirmative Action Plan in recruitments. PERS’ recruiter will review parity data with managers at the time of requisition to assess affirmative action needs and posting opportunities. This will be implemented by the end of 2016.
 15. PERS will continue to actively implement the goals of the agency strategic plan.
 16. PERS will implement its management training plan in 2016 and 2017, which includes training to address issues of effective supervision, documentation, leave laws, and retaliation topics.