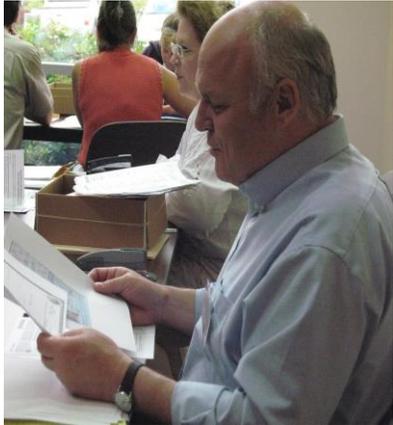


**Economic Impact Study for 2015
Oregon Public Employees Retirement System (PERS)**

August 2016



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



ECONOMIC BENEFITS OF PERS

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

\$3.5 billion in annual benefit payments to PERS retirees living in Oregon provides \$3.9 billion in total value to Oregon's economy.

PERS benefit payments support an estimated 36,427 Oregon jobs.

Of the jobs supported, PERS benefit payments add approximately \$1.17 billion in wages to Oregon's economy.**

The state of Oregon collects an estimated \$184 million annually in taxes from PERS retiree benefit payments.

Purpose of Study

Oregon PERS paid approximately \$3.5 billion* in benefits to PERS retirees living in Oregon in 2015. Funding for these benefits came mostly from investment earnings on contributions previously paid by members and public employers. These retirees spent a significant portion of this money on goods and services in Oregon, which helped support local businesses. These businesses then purchased goods, in part, from other local vendors adding to the Oregon workforce and economy.

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

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

Study Findings

PERS benefits paid to Oregon retirees have a significant impact on Oregon's economy. The \$3.5 billion in annual benefit payments multiply to \$3.9 billion in economic value to Oregon when the full financial impact of these dollars spent in local communities is considered.

These benefit payments sustain an estimated 36,427 Oregon jobs, and add approximately \$1.17 billion** in wages to Oregon's economy.

Additionally, the state of Oregon collected an estimated \$183.7 million in income taxes on PERS retiree benefits during 2015.

Investment income has provided 73.4 percent of total pension revenues since 1970. Member contributions equaled 5.5 percent, with employer contributions providing 21.1 percent of pension revenues over the past 46 years.

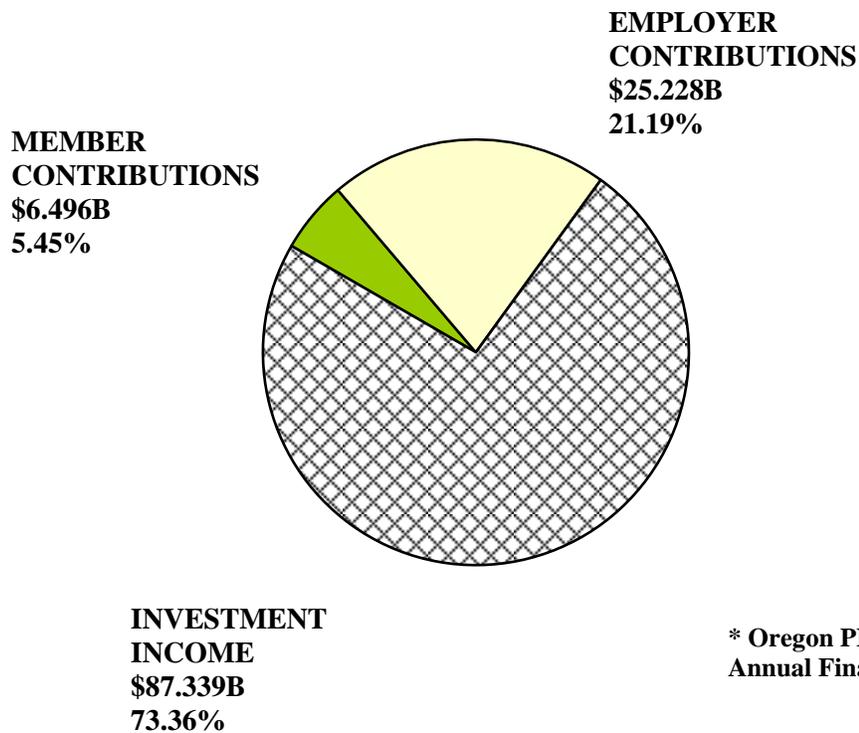
* Additional benefit payments from the Individual Account Program (IAP) were not used in this study.

** The \$1.17 billion in wages is included as a component of the \$3.9 billion in economic activity.

Summary of Findings for 2015

- PERS benefits paid to Oregonians: \$3.533 billion
- Total increase in Oregon economic output: \$3.915 billion
- Oregon jobs supported: 36,427
- Wages of Oregon jobs supported: \$1.170 billion
- Taxes paid by PERS retirees in Oregon: \$183.7 million (based on 2013 tax data)
- Benefit funding sources (since 1970)
 - Investment income: 73.4 percent
 - Member contributions: 5.5 percent
 - Employer (taxpayer) contributions: 21.1 percent

Oregon PERS Revenue by Source (1970-2015)*



* Oregon PERS Comprehensive Annual Financial Reports

2015 Benefit Payments by Oregon County

County	#	\$	AVG	%	JOBS CREATED
Baker	746	\$19,143,801	\$25,662	0.54%	197
Benton	3,668	\$128,500,666	\$35,033	3.64%	1,325
Clackamas	11,838	\$388,842,610	\$32,847	11.01%	4,010
Clatsop	1,218	\$33,687,245	\$27,658	0.95%	347
Columbia	1,414	\$43,898,782	\$31,046	1.24%	453
Coos	2,024	\$51,489,286	\$25,439	1.46%	531
Crook	777	\$21,058,280	\$27,102	0.60%	217
Curry	542	\$12,948,669	\$23,891	0.37%	134
Deschutes	4,810	\$151,309,438	\$31,457	4.28%	1,560
Douglas	3,457	\$93,805,697	\$27,135	2.66%	967
Gilliam	93	\$2,037,938	\$21,913	0.06%	21
Grant	322	\$7,836,201	\$24,336	0.22%	81
Harney	329	\$7,332,026	\$22,286	0.21%	76
Hood River	615	\$18,195,589	\$29,586	0.52%	188
Jackson	5,225	\$150,804,497	\$28,862	4.27%	1,555
Jefferson	895	\$23,811,096	\$26,605	0.67%	246
Josephine	1,986	\$48,487,390	\$24,415	1.37%	500
Klamath	1,707	\$43,849,460	\$25,688	1.24%	452
Lake	276	\$6,505,266	\$23,570	0.18%	67
Lane	12,271	\$393,598,038	\$32,075	11.14%	4,059
Lincoln	1,624	\$44,162,724	\$27,194	1.25%	455
Linn	4,225	\$113,068,174	\$26,762	3.20%	1,166
Malheur	820	\$21,251,103	\$25,916	0.60%	219
Marion	14,450	\$450,148,149	\$31,152	12.74%	4,642
Morrow	250	\$6,063,545	\$24,254	0.17%	63
Multnomah	16,290	\$537,972,268	\$33,025	15.23%	5,547
Polk	4,196	\$133,069,700	\$31,713	3.77%	1,372
Sherman	91	\$2,153,755	\$23,668	0.06%	22
Tillamook	1,015	\$28,150,080	\$27,734	0.80%	290
Umatilla	2,304	\$64,074,506	\$27,810	1.81%	661
Union	1,015	\$29,865,515	\$29,424	0.85%	308
Wallowa	311	\$8,813,103	\$28,338	0.25%	91
Wasco	836	\$22,882,448	\$27,371	0.65%	236
Washington	10,871	\$347,744,807	\$31,988	9.84%	3,586
Wheeler	73	\$1,538,653	\$21,077	0.04%	16
Yamhill	2,631	\$74,537,729	\$28,331	2.11%	769
Total	115,215	\$3,532,638,235	\$30,661	100%	36,427

*Percent of total 2015 benefits paid per county.

Methods

- This study is based upon economic multipliers provided by the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA). The multipliers come from BEA’s Regional Input-Output Modeling System.
 - Region: Oregon
 - Industry: Households
 - Year: Purchased in 2016 (2007 national annual input-output data and 2013 regional data)

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

The Oregon Department of Revenue provided the average tax rate paid on retiree benefits for the most recent year available (2013).

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

Calculation Detail

Multiplier	Impact on Oregon’s Economy
<p>Total output Measure of the overall estimated increase in economic activity resulting from PERS benefit payments. - Multiplier: 1.1083 per benefit dollar</p>	<p>Total benefit payments x total output multiplier $\\$3,532,638,235 \times 1.1083 = \mathbf{\\$3,915,222,956}$</p>
<p>Jobs Supported Estimated number of Oregon jobs supported by PERS benefit payments. - Multiplier: 10.3116 jobs per \$1 million in benefit payments</p>	<p>(Total benefit payments /1 million) x jobs created multiplier $\\$3,532,638,235 / 1,000,000 \sim 3,532$ $3,532 \times 10.3116 = \mathbf{36,427 \text{ jobs}}$</p>
<p>Supported Job Wages Estimated wages earned by workers in jobs supported by PERS benefit payments. - Multiplier: 0.3312 per benefit dollar</p>	<p>Total benefit payments x additional earnings multiplier $\\$3,532,638,235 \times 0.3312 = \mathbf{\\$1,170,009,783}$</p>
<p>Oregon taxes paid Oregon income tax revenue from PERS benefits paid to state residents. Average rate: 0.052 (5.20 percent) per benefit dollar</p>	<p>Total benefit payments x percent of average retirement benefit income tax rate $\\$3,532,638,235 \times 0.052 = \mathbf{\\$183,697,188}$</p>

Oregon Public Employees Retirement System

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