2027-29

AGENCY REQUEST BUDGET

OREGON
PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

A COMPONENT UNIT OF THE STATE OF OREGON

OREGON

PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

BUDGET NARRATIVE

INTRODUCTORY INFORMATION

Budget Narrative

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	11410 SW 68th Parkway, Tigard, Oregon 97223
AGENCY NAME	**AGENCY ADDRESS**
	Director
SIGNATURE	**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

Public Employees Retirement System			45900	
Agency Contact:	Greg Gabriel			
Date Submitted:	07/31/2026			
CFO Analyst:	Russ Casler			

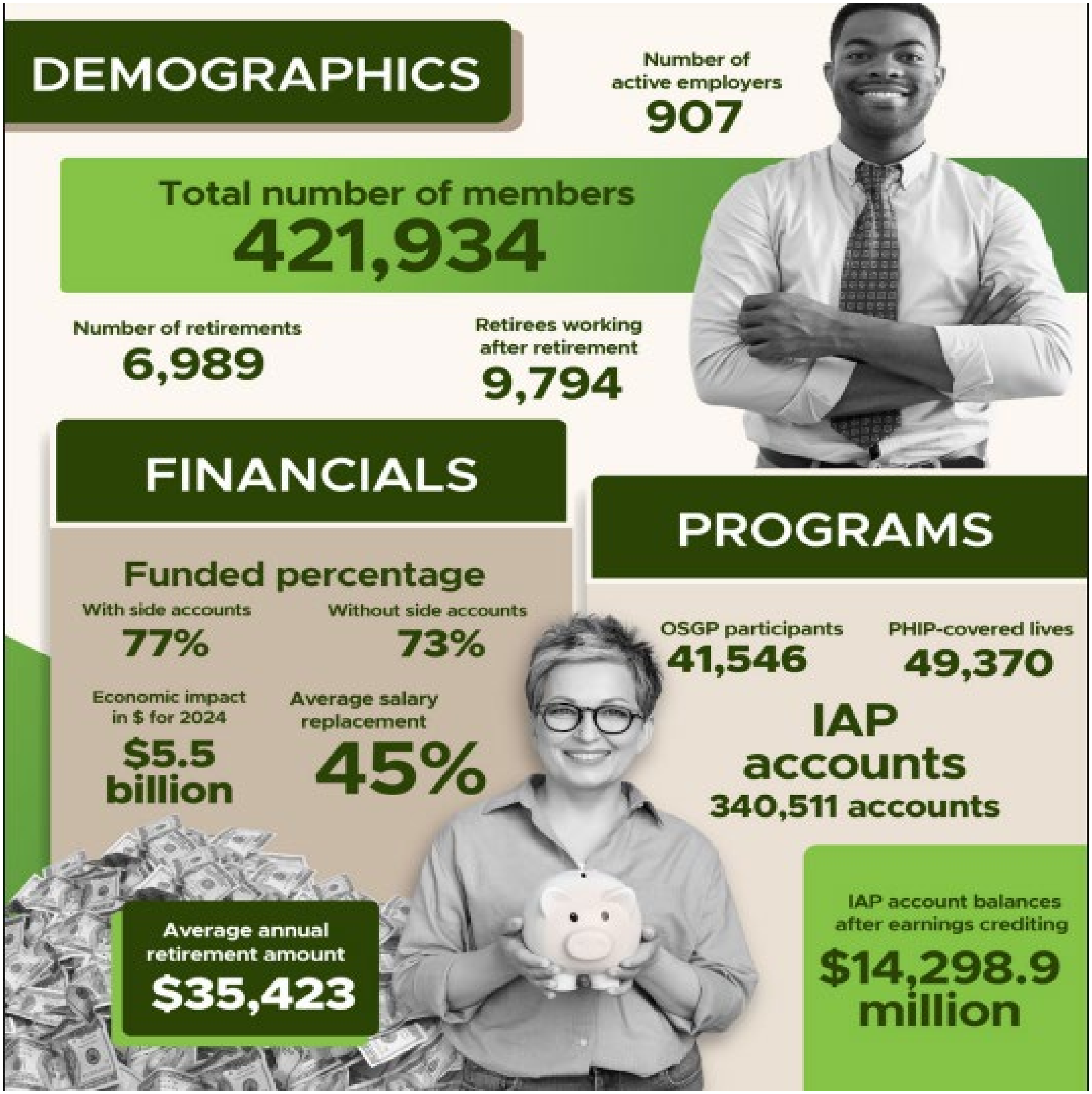
Session/Eboard	Month (Eboard only)	Year	Bill Number	Short description of action taken
Regular session		2025	SB 5534	2025-27 Agency main budget bill
Regular session		2025	SB 5006	2025-27 Agency budget adjustment
Regular session		2025	HB 2728	2025-27 Notice of Entitlement
Regular session		2025	HB 5530	2025-27 Employer Incentive Fund-Lottery Transfer
Regular Session		2026	HB 5204	2025-27 Budget adjustment
E-board	June	2026		2026 June Emergency Board

Public Employees Retirement System

Agency Summary

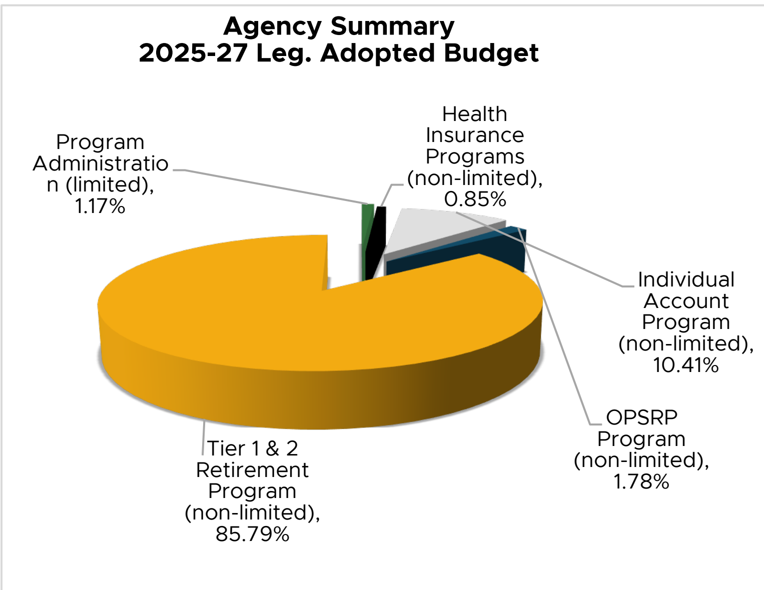
The Public Employees Retirement System (PERS) administers a range of retirement programs on behalf of more than 900 public employers throughout the state of Oregon. These programs are provided to all state agencies, universities and community colleges, all public-school districts, and almost all cities, counties, and other local government units.

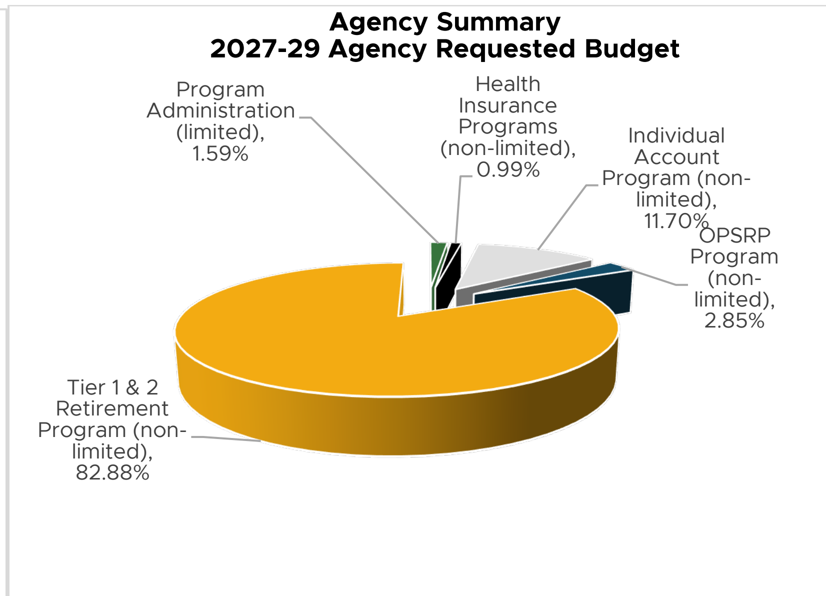
The agency administers the Tier One and Tier Two Retirement Programs, Oregon Public Service Retirement Plan Pension Program (OPSRP), Individual Account Program (IAP), Judge Member Retirement Program, Oregon Savings Growth Plan (OSGP) a deferred compensation program, Public Employee Benefit Equalization Fund (PEBEF), Social Security Administration Program (SSAP), and PERS Retiree Health Insurance Program (PHIP).


DEMOGRAPHICS
Number of active employers
907
Total number of members
421,934
Number of retirements
6,989
Retirees working after retirement
9,794
FINANCIALS
Funded percentage
With side accounts
77%
Without side accounts
73%
Economic impact in $ for 2024
$5.5 billion
Average salary replacement
45%
Average annual retirement amount
$35,423
PROGRAMS
OSGP participants
41,546
PHIP-covered lives
49,370
IAP accounts
340,511 accounts
IAP account balances after earnings crediting
$14,298.9 million

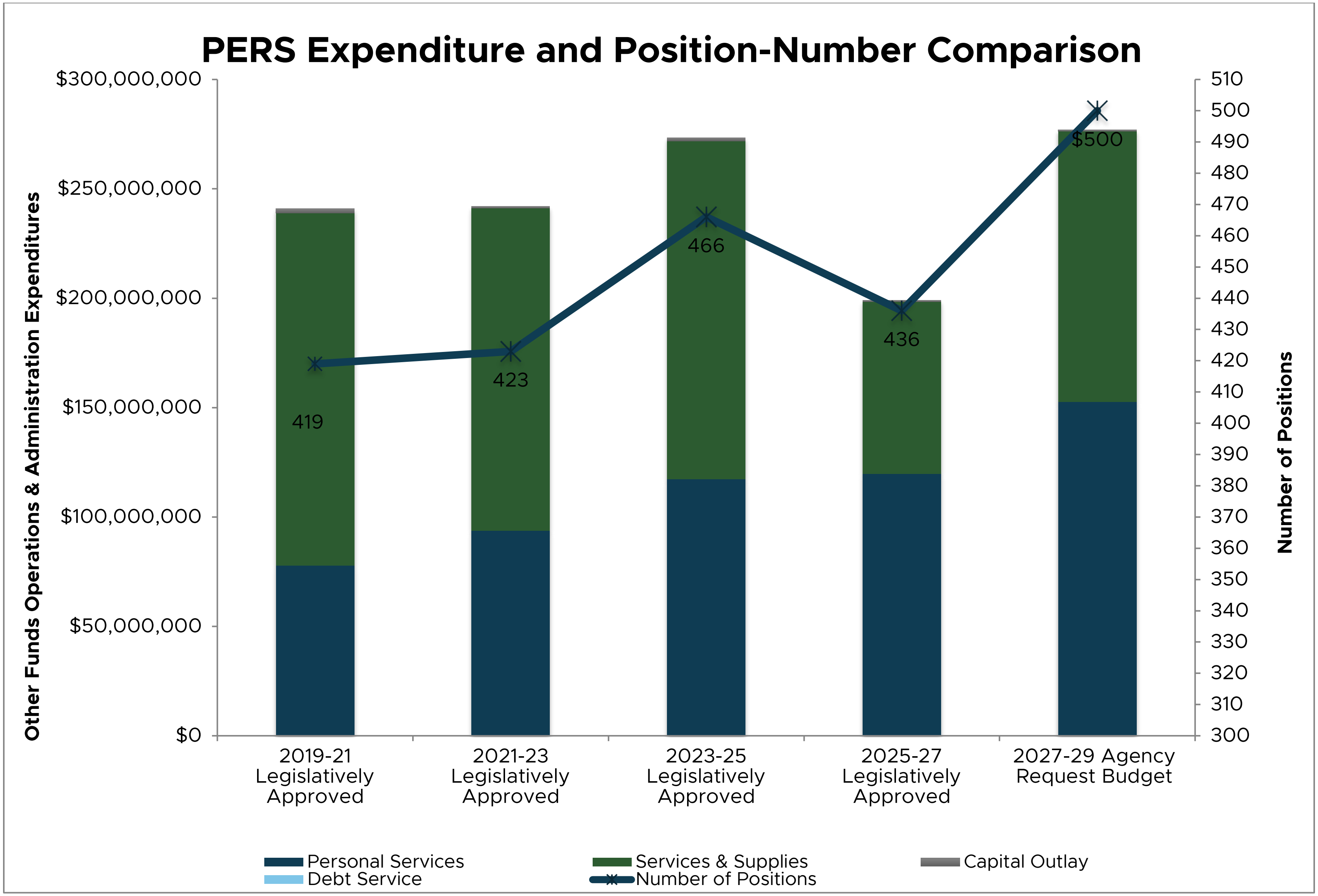
Budget Summary Graphics

PERS Expenditures by Activity





PERS Expenditure and Position-Number Comparison



BUDGET NARRATIVE

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):

E = Estimated

PERS Budget/PERF Comparison

Biennium	Legislatively approved limited budget	Fiscal year ended June 30	Limited budget	PERF balance		% Operating
2017-2019	$101,657,012	2018	50,828,506	81,098,072,149		0.0627%
		2019	50,828,506	81,451,520,000		0.0624%
2019-2021	$145,475,503	2020	72,737,752	77,257,271,000		0.0942%
		2021	72,737,752	93,708,071,000		0.0776%
2021-2023	$154,361,372	2022	77,180,686	96,876,622,000		0.0797%
		2023	77,180,686	96,713,114,000		0.0798%
2023-2025	$177,462,596	2024	88,731,298	99,496,792,000		0.0892%
		2025	88,731,298	103,786,320,000		0.0855%
2025-2027	$180,147,744	2026	90,073,872	104,878,940,800	E	0.0856%
		2027	90,073,872	104,878,940,800	E	0.0856%
2027-2029	244,034,563	2028	122,017,282	109,210,124,000	E	0.1117%
		2029	122,017,282	109,210,124,000	E	0.1117%

BUDGET NARRATIVE

Mission Statement and Statutory Authority

PERS 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.
Vigilant — We are constantly vigilant and take ownership in the basic tenets of information security, integrity and availability.

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. ORS 238.630 sets out the PERS Board statutory duties.

Agency Two-Year Plan

PERS' Strategic Outcomes, Processes, and Measures

In 2025, PERS, with guidance from the PERS board, completed a comprehensive review and update of the PERS 2023–2028 Strategic Plan. The strategic planning review process ensures 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 constituents. Regular monitoring of progress and adjusting priorities during plan implementation ensures alignment within a changing environment. To that point, a new strategic pillar, Modernization, was added to illustrate the importance and impact of those efforts on the agency. The agency's current strategic and operational planning functions are 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, and integration into core business practices. Specific performance metrics are identified for tracking progress on the plan's objectives.

PERS executives have reviewed our 2023-28 strategic plan and have found it to be in alignment with Governor Kotek's Agency Expectations letter: https://www.oregon.gov/das/Docs/Oregon_Agency_Expectations_Governor_Letter.pdf. Based on quarterly reports from the Department of Administrative Services (DAS) Strategic Initiatives and Enterprise Accountability office, PERS is in compliance with these expectations.

What follows are summaries of the six 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.

Budget Narrative

Organizational Management and Development

Focus area: Workforce development

Goal — Develop and support a dynamic workforce by providing means and opportunities for staff to access tools to reach their full professional potential.

- Objective 1 — Provide ability for staff to access relevant professional development and training opportunities
- Objective 2 — Provide consistent visibility to internal career opportunities within the agency.
- Objective 3 - Provide development opportunities and training tailored to supervisors, managers, and administrators to encourage an environment of continuous leadership growth and improved workforce retention.

Focus area: Organizational communication

Goal — Support ongoing and improved employee engagement by providing consistent internal communications.

- Objective 1 — Maintain consistent communication around topics and information that are the most relevant and important to staff.

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 strategic, tactical, and operational decisions.
- Objective 2 — Normalize POBMS and project-management organizational methods.

Member Services and Communications

Focus area: Member relations

Goal — Engage members throughout their careers so they are better prepared for retirement.

- Objective 1 — Develop member journeys with relevant accessible resources for different life and career stages.
- Objective 2 — Brand PERS as their retirement education and planning resource.

Focus area: Omni-channel service delivery

Goal — Improve members' satisfaction with PERS.

- Objective 1 — Enhance, secure and modernize account accessibility and capabilities for members to self-serve.
- Objective 2 — Launch new education tools and resources valuable to the member journey from hire to retire.

Data Consistency

Focus area: Data analytics

Goal — Use data analytics to enhance operational efficiency, process management, reporting, and insight.

- Objective 1 — Improve employer-reporting validations to minimize manual review and corrections to data.
- Objective 2 — Use technology, including data validations where appropriate, to reduce manual processes.

Focus area: Data integrity

Goal — Resolve legacy and incoming data issues.

- Objective 1 — Identify data issues and prioritize cleanup efforts to improve data quality.
- Objective 2 — Minimize need to change data after receipt from employers.

Focus area: Data utilization

Goal — Use data and analytics to help drive and support agency decisions.

- Objective 1 — Become an insight-driven organization.

Information Technology

Focus area: Maintain jClarety through Modernization

Goal — Maintain stability and support for jClarety during the PERS Modernization Program

- Objective 1 — Prioritize and resolve technical debt in jClarety
- Objective 2 — Implement changes as mandated by the Legislature.

Focus area: Information Technology (IT) workforce development

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 – Rollout the ISD Skills Academy Program

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 systems to improve accuracy and responsiveness to legislative and stakeholder needs.
- Objective 3 — Evaluate and implement electronic-filing and paperless processes to respond to inquiries effectively and promptly and efficiently process transactions.
- Focus area: Financial-management resource development

Goal — Ensure PERS has the appropriate staff resource and skill level to perform the financial accounting, reporting, budgeting, analysis, and forecasting required to be compliant and deliver exceptional service to our stakeholders.

Budget Narrative

Racial-Equity Impact Statement

Holistically, the PERS vision statement places an emphasis on the members of the PERS-administered benefit plans by: "honoring your public service through secure retirement benefits." Currently, there are over 405,000 Oregonians that have a relationship with PERS, close to 10% of the state's population. We support over 900 PERS-participating employers across all 36 counties in the state.

These relationships extend not only during a member's public-sector career — when they participate in one of the pre-retirement benefit plans offered by PERS — but also through their retirement as they receive retirement benefits, including post-retirement health insurance plans. Our benefits support those who spend their careers putting their physical and mental health at risk on a daily basis, such as police officers, 911 telecommunicators, firefighters, teachers, Oregon State Hospital workers, and many more.

PERS impacts Oregon's racial and ethnic equity in two ways: externally through the retirement benefits we administer and internally through our recruitment, hiring, and promotion policies.

Our 2023 annual economic-impact study showed that in calendar year 2022 PERS paid $4.6 billion in benefits to Oregonians. This led to a total increase in Oregon economic output of $4.89 billion, which is then estimated to support 30,818 jobs within Oregon. (See https://www.oregon.gov/pers/Documents/General-Information/PERS-by-the-Numbers.pdf for more detail, including a per-county impact.)

Oregon does not ask PERS members or retirees to report their race or ethnicity. However, we can report on the impact PERS benefits make in attracting and keeping employees in roles that directly serve and benefit all racial and ethnic groups at all socio-economic levels — namely teachers, police officers, and firefighters.

Compared with private sector careers, public service careers generally do not pay as well, but they make up for it in the benefits they provide excellent health insurance, early retirement for some careers, and a lifelong pension, which is not common in the private sector. Benefit plans are important attractions and retention tools for participating in public-sector employers.

While PERS is considered beneficial by a significant number of Oregonians, it has also been posited that the cost of PERS benefits act as an impediment to public-sector entities who pay employer contributions to PERS, currently close to $2.5 billion per fiscal year. The dollars earmarked for PERS contributions cannot be used to pay for increased education and social programs that may directly benefit those most disadvantaged within Oregon.

While these perceptions persist, in fact, PERS benefit payments provide the primary intended impact of providing retirement income to PERS retirees and beneficiaries whose income then secondarily impacts the overall state economy and job market.

Additionally, as a state agency, PERS provides a stable, inclusive work environment for our approximately 440 staff. PERS took some of the impacts of COVID and used them as an opportunity to rethink its workforce with an eye to increasing the diversity of its staff from both a geographical and demographic perspective. Prior to COVID, PERS was aware that, given the location of our headquarters and lack of efficient public transportation, potential employees from underserved and underrepresented communities who did not have access to their own vehicles faced challenges in commuting to work.

PERS shifted its approach to allow both current and future employees to work within a remote/hybrid work environment. In 2024, approximately 80% of the PERS workforce works 100% remotely, with 10% working three days or fewer in the office, and 10% more than three days in the office. This has led not only to staff being able to work throughout the state but also, as evidenced by our increased pools of potential employees, to the potential for a more diverse workforce than was the case pre-COVID.

PERS recognizes there is still work to be done to both attract and retain a more diverse workforce, beginning with reviewing and adjusting our overall approach to recruiting, interview protocols, onboarding, and regular interactions between staff and their supervisors. PERS is also looking at how to best leverage internship programs and our ongoing succession-planning efforts to both attract and retain a more diverse workforce.

Internally, PERS has established a DEI committee that has scheduled quarterly interactions with PERS executives. Our Human Resources (HR) manager attends our executive-leadership team meetings and provides regular updates on DEI-related issues in both their role as HR manager and chair of the DEI committee. We also leverage our Labor Management Committee to provide insights and recommendations on DEI-related issues.

PERS has conducted annual employee-engagement surveys since 2019, and each executive member reviews both the overall results and the employee comments that help to inform our deliberations on DEI and other related human-resource issues.
While PERS has an engaged executive team and DEI committee, we recognize that dedicated resources are required to build and maintain our DEI efforts. To that end, PERS has requested an additional FTE in our 2025–27 Agency Request Budget whose primary purpose will be to provide the capacity and focus required to make significant progress toward our DEI goals. This includes leveraging what we have learned during the past four years of DEI initiatives.

This will enable PERS management to take the results of the employee-engagement survey into account when building business plans and training managers and supervisors. Employee-engagement results and trends show that regular one-on-one interactions between supervisors and their staff increase employee engagement, which not only leads to better business results, but also increases inclusion.

With respect to our plan members and participating employers, PERS conducts two yearly surveys that allow these core stakeholder groups to provide commentary on the services we provide. However, comments are limited to English-language members only, as PERS currently does not have the ability to inform, interact, and transact readily with members whose first language is not English.

While our PERS Modernization Program will be identifying opportunities to better support members so they can engage with PERS at the time of their choosing using the service channel of their choosing, of equal importance, the program will also ensure service channels are accessible to those with disabilities and those who need access to languages other than English. To further inform PERS about the needs of our stakeholders, we also engage in quarterly meetings with the PERS Employer Advisory Group and ad hoc meetings with the PERS coalition, a group of union representatives that cover the vast majority of PERS members. PERS staff also have regular interactions with state legislators and their staff on PERS-related issues.

2025–2028 Information Technology Strategic Plan (ITSP)

In today's fast-moving technological environment, a strong information technology (IT) strategy is a key enabler of business success. To help ensure the ongoing success of PERS, the agency, PERS Information Services Division (ISD), presents this plan to guide the agency's information technology strategy for the next five years. The IT Strategic Plan (ITSP) focuses on PERS' information technology future within the framework of the agency's mission, vision, goals, and related projects. This plan maps to PERS business strategy, as outlined in the PERS 2023–2028 Strategic Plan (Updated September 2025), follows the PERS Outcome-Based Management System (POBMS) framework, and outlines how ISD is supporting the agency's new modernization program. At the same time, this is a living document that is intended to adapt to changes in the PERS landscape caused by legislative modifications, court rulings, and advancing technology.

About PERS' Information Services Division

Information Services Division (ISD) is the information technology arm of Oregon PERS. It has five sections: Technical Operations, DevOps, Admin Support/Enterprise Architecture, Business Systems Analysis, and Enterprise Applications.

ISD provides all the information technology services and support for PERS staff and external audiences.

Services for PERS Staff

- jClarety pension administration system.
- ORION-pension-management system.
- Reporting tools (e.g., Microsoft PowerBI, data warehouse).
- Email.
- Productivity software (e.g., Microsoft Office, Microsoft Teams, Adobe Creative Suite).
- Computers, docking stations, and monitors for onsite and remote work.
- Telephones and telephony systems.
- Support:
  - Help desk.
  - Application support.
  - Network and infrastructure support.
  - Database support.
  - Data and system backup.
  - System security.
  - Nightly batch support.

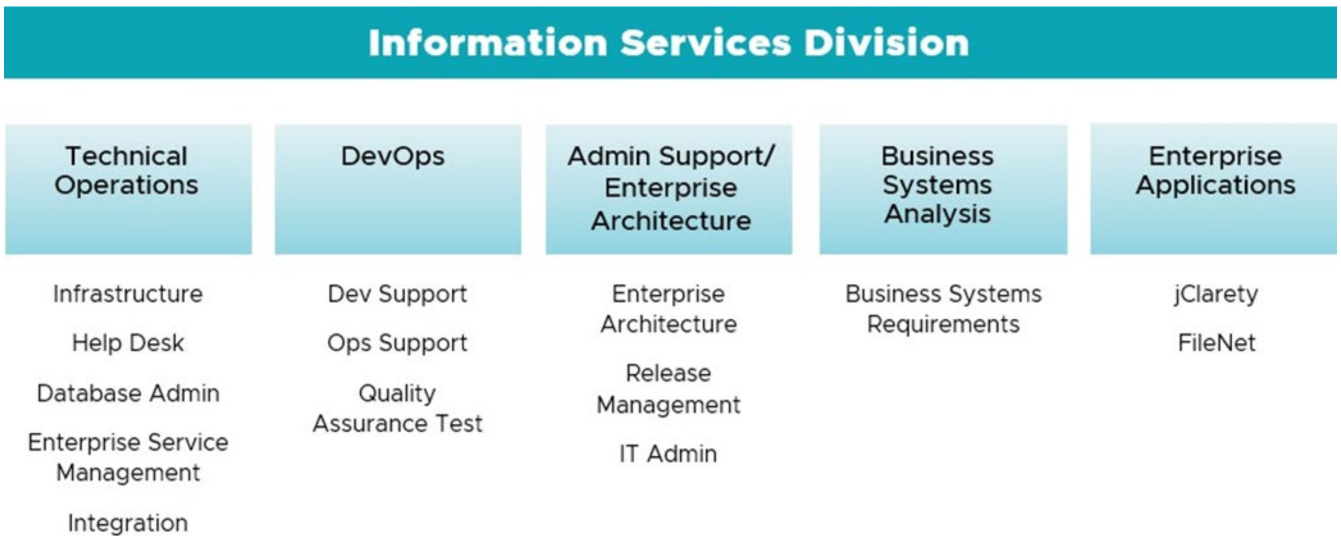
Services for external audiences:

- Member call center.
- Online Member Services (OMS) web portal for members.

- Employer Data Exchange (EDX) web portal for employers (includes a production environment and a testing environment).
- Third party-administrator (TPA) interface (third-party business partners).

Staff

Information Services Division encompasses five sections. Total staff is about 69 people, plus up to a dozen contractors depending on phases of projects.



Internal Tools

- IT service management (ITSM): Ivanti (aka "Compass")
- Collaboration: JIRA, Microsoft Teams
- Software-configuration management: Subversion (SVN)
- DevOps framework: Jenkins
- Automated-testing framework: Qmetry, TestComplete by SmartBear.

Project Prioritization and Tracking

Many agency-level projects require direct or indirect IT support. IT-related projects are prioritized and placed on the IT Priority List, where they are further prioritized against all other IT-related projects.

The list includes projects that are currently being executed and those that are planned. ISD uses various weighting factors to calculate an overall priority score for each project between 1 (low priority) and 5 (high priority). Weighting factors include:

- Security Risk.
- Regulatory Urgency.
- Agency priority.
- Division priority.
- Section priority.
- Technical debt impact
- Business value.
- Ease of implementation.
- Effort (initial time estimate).
- Resource availability.
- Dependency/sequence risk.
- ROI/cost-benefit.

Note: For PERS enterprise-wide programs and projects, including maintenance and enhancement (M&E), prioritization and tracking are the responsibility of the Project Management Office (PMO) in the Central Administration Division. Nevertheless, these enterprise-wide programs and projects are also included in the IT road map. For details about project prioritization and tracking, read Appendix A.

Project Tracing and Governance

To ensure alignment, transparency, and accountability across both modernization and ongoing IT operations, ISD applies a clear governance framework that links IT projects directly to strategic priorities. Traceability flows in two directions:

- **Top-down:** Connects agency and IT strategic plans to projects, answering, “What IT projects are we undertaking to advance the Agency Strategic Plan and execute the IT Strategic Plan?”
- : Connects projects to strategy, answering, “Why are we doing this IT project?”

ISD also maps each project to a “driven-by” source and applies a RACI framework to clarify roles and responsibilities across functions, ensuring visibility along with the ability for governance bodies to make well-informed prioritization decisions. Driven-by sources and modernization and operations overseeing bodies include:

Driven-by sources:

- External mandate — includes statewide directives and strategies, statutory and legislative changes, and court decisions.
- PERS Strategic Plan — sets agency priorities and operational needs that guide IT projects.
- PERS Modernization Plan — defines agency-wide modernization efforts. IT Strategic Plan — IT initiatives supporting agency needs and priorities, informed by organization and modernization goals, regulatory and stakeholder requirements, as overseen by governance bodies.

- IT foundational — needs that are part of maintaining IT support for ongoing operations, such as replacing or upgrading hardware and software, maintaining systems and networks.

Governance bodies:

- Executive Leadership Team (ELT) sets enterprise priorities, oversees agency operations, aligned with core values and principles. (Meets weekly)
- Portfolio Management Committee (PMC) provides direction and structured oversight of agency-level projects. (Meets monthly)
- ORION Steering Committee (OSC) tracks and prioritizes maintenance and enhancement needs for ORION, the agency's primary pension management system. (Meets every other week)
- Modernization Executive Steering Committee (MESC) oversees and prioritizes modernization program activities. (Meets monthly)
- PERS Enterprise Architecture Team (PEAT) ensures alignment with short- and long-term state and agency standards and strategy. (Meets weekly)
- PERS Outcome-Based Management System Council (POBMS) integrates coordination of functions sustaining POBMS. (Meets monthly)
- Data Governance Committee (DGC) oversees agency data to ensure consistent data handling, accessibility, and evidence-based decision-making. (Meets monthly)
- Information Security Board (ISB) guides information security activities to safeguard system effectiveness, best-practice alignment, and policy compliance. (Meets monthly) Legislative Action Team (LAT) evaluates legislation to support informed planning, operations, and fiscal decisions. (Meets during legislative sessions as needed)PERS IT current state

Pension Administration System (PAS)

PERS' core enterprise application — in industry terms, the pension administration system (PAS) that we use to process employer contributions, maintain member demographics and work history, and calculate benefits is called jClarety.

JClarety was first implemented in 2003 to administer a significant plan change (later mandated by House Bill 2020), which introduced a third program, or "tier," to PERS called Oregon Public Service Retirement Plan (OPSRP). Soon after this was implemented, the agency embarked on the RIMS Conversion Project to convert the Tier One and Tier Two programs from the mainframe to jClarety so that all the programs were housed in one single PAS.

Since then, PERS IT has made numerous maintenance updates and enhancements to jClarety. Most updates result from program changes mandated by legislation or court rulings. However, jClarety has never been updated to improve member services or enhance the retirement experience; it has also never been updated to resolve technical debt issues that have occurred since the RIMS Conversion Project.

Today, the agency continues to maintain and enhance jClarety while also planning significant improvements — including the plan to replace the system with a Commercial-off-the-Shelf (COTS) solution as part of the PERS Modernization Program.

This work and this transformative shift cannot happen overnight (current estimates put the complete adoption of a new PAS system at approximately 8-10 years) and improvements will still be needed to continue to modernize jClarety and supporting systems in order to ensure operational continuity, enable omni-channel capabilities, automate processes, reduce manual offline tools, and protect member data as driven by the agency's Five-Year Strategic Plan.

Oregon Retirement Information Online Network (ORION)

jClarety is the nucleus of PERS' larger overall system architecture called the Oregon Retirement Information Online Network (ORION). ORION encompasses applications, systems, databases, and tools, many of which integrate or provide support as input or output of jClarety. These systems include the record and workflow management system called FileNet (both input and output of jClarety), Central Data Warehouse (output of jClarety), call center services (both input and output of jClarety), numerous offline tools to validate and calculate benefits (output of jClarety), and now applications being built on Microsoft Power Platform and in Azure.

PERS Data Center

During the RIMS Conversion Project, it was necessary to maintain two parallel systems to minimize disruption to the business. One system was the legacy mainframe that was operating under the General Government Computing Center (now called Data Center Services (DCS)), while the newly converted system was operating locally at the PERS data center in Tigard, Oregon. In 2020, a project called Production Data Center Migration was initiated to move the PERS data center in Tigard to the co-location facility at DCS in Salem, Oregon.

Today, due to the urgent need for resiliency and disaster recovery, there is an effort to migrate the servers from co-location to managed host within DCS.

Future Landscape

As part of the modernization journey, the Pension Administration System (PAS), will transition to a Commercial-off-the-Shelf (COTS) application. In addition, ORION's other core applications will be rearchitected as independent, discrete business services providing greater system security, flexibility, and opportunities for growth. The PERS Modernization program is anticipated to take between 8-10 years after selecting a COTS vendor and will need to uphold continuity of service while transitioning core business functions to the new platform. This work will enable more scalable and modern pension administration capabilities while supporting day-to-day operations along the way.

ISD will strengthen resiliency and security by adopting a formal framework that defines recovery objectives, service availability expectations, and incident response processes as directed by the business. These benchmarks will be aligned with State of Oregon standards and industry best practices, mapped to applicable compliance requirements, and regularly validated through testing and audits. As modernization progresses, resiliency and security targets will be refined in partnership with enterprise risk management to ensure they remain current, measurable, and responsive to evolving threats.

ISD will responsibly leverage Artificial Intelligence (AI) to enhance service delivery, improve operational efficiency, and strengthen decision-making. AI capabilities will be introduced in alignment with State of Oregon policies and ethical frameworks, ensuring transparency, security, and accountability. Over time, AI will support tasks such as streamlining member communications, accelerating data analysis, and augmenting staff capacity, while maintaining human oversight for all critical pension decisions.

Finally, our division will continue to transform its working environment - continuing to foster diversity, equity, and inclusion1 while encouraging collaboration and innovation, attracting new talent, and developing and retaining current staff—ensuring PERS is prepared for both operational excellence and modernization success.

IT Key Needs

To see this future state of IT, ISD will have a team of highly skilled people, enhanced IT processes, and technology that enables automation.

People Sufficient people resources with appropriate IT competencies and expertise.
Supporting agency and operational needs requires additional IT people resources and expertise to augment PERS ISD staff.

Processes New and/or modified IT processes to meet new and/or modified technical needs. New and/or enhanced IT development or operational processes may be required. Some may be manual (at least in the short term) and others automated.

Technology Appropriate IT infrastructure and solutions to support automated processes. Particularly for PERS modernization, we may need to provide short-term solutions initially to meet implementation deadlines, then provide more efficient long-term and automated solutions for ongoing operations.

For automated processes and some manual processes, appropriate supporting infrastructure and technology solutions must be evaluated and selected. It is a goal in PERS modernization to "automate processes and calculations, where possible, to improve efficiency and reduce risk."

Staying on Track

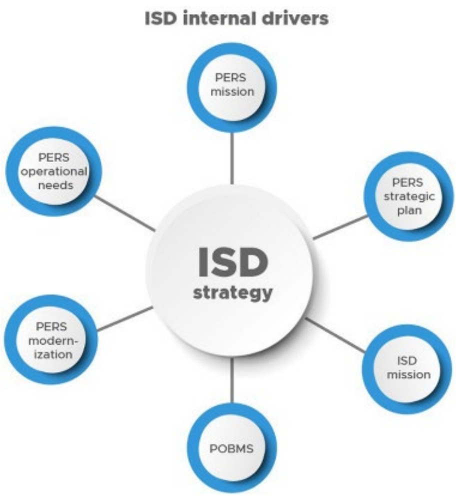
The IT world is constantly changing. There are nearly daily opportunities to evaluate new products and improved technologies that could enhance ISD services. These opportunities may come with new requirements to support those new capabilities, which may present new risks to manage.

To avoid losing track of our goals or allowing them to become irrelevant, ISD must regularly review the ITSP and ensure we are on track. We must judge new and relevant opportunities in the technology marketplace to determine if they will help us or hinder us in reaching our goals. There may even be innovations that cause us to alter the goals themselves or add new goals that are higher priority than those we currently pursue.

ISD Drivers

Multiple internal and external entities provide direction and influence on PERS IT.

Internal Drivers, Direction, and Guidance



PERS Mission

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

PERS Strategic Plan

PERS identifies strategic priorities at the agency level. This ensures that we focus attention and effort on providing the capabilities and services that are the most critical.

ISD Mission

The Information Systems Division is responsible for providing IT services at PERS. ISD has defined its mission as:
"To enable the satisfaction of PERS members, we deliver quality services to agency stakeholders by providing accurate information and superior products that support decision-making and daily operational needs."

ISD Vision

The Information Systems Division (ISD) is responsible for providing IT services at PERS. ISD has defined its mission as:
"To enable the satisfaction of PERS members, we deliver quality services to agency stakeholders by providing accurate information and superior products that support decision-making and daily operational needs."

BUDGET NARRATIVE

ISD Team Values

1. **Professionalism**
    - Model the behaviors that promote and maintain a professional workplace.
    - Respect our team members, invite diverse perspectives, and maintain a positive attitude.
    - Be solution-oriented, bring an agency perspective, and work toward common goals. Make decisions that align with our core values and strategic priorities.
    - Show up, come prepared, and fully engage in team discussions.
2. **Open and Honest Communication**
    - Commit to open and honest communication within the team and the division.
    - Contribute to ensuring a safe environment in which we are able to be vulnerable, share problems, and ask for help.
    - Actively listen to understand each other's perspectives.
    - Proactively keep each other informed and seek to ensure mutual understanding. Speak with one voice regarding team decisions.
3. **Accountability**
    - Take ownership of our individual responsibilities, decisions, and actions.
    - Be accountable for our individual behaviors and reactions. Commit to being aware of our biases and blind spots and stay open to others' perspectives and needs.
    - Set clear and reasonable expectations and provide timely follow-through on our agreements and decisions.
    - Be willing to admit our mistakes.
    - Give and receive constructive feedback, assuming positive intent. Commit to finding mutually agreeable solutions.

4. Supportiveness

- Put the needs of the team and our common goals ahead of individual interests.
- Look out for one another's interests and consider the impact of our decisions and actions on others.
- Support and trust each other's professional judgment and competency. Support and commit to decisions made by the team.
- Ask for and offer help in support of one another's interests and needs. Support our individual and collective learning and growth.

POBMS

The PERS Outcome-Based Management System (POBMS) is an approach that enables PERS to monitor agency operations over time, identify areas that require attention and analyze further to identify underlying root causes and potential corrective actions. This comprehensive approach enables PERS to identify gaps in business capabilities required to meet changing customer needs. POBMS defines outcome measures, and each project identifies the measures we expect will be improved by the project. For more information on how ISD supports POBMS.

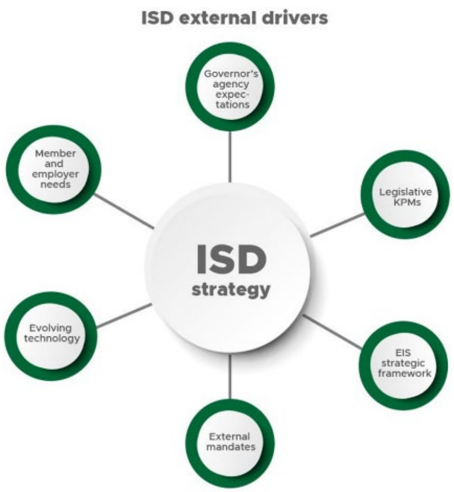
PERS Modernization

The PERS Modernization Program describes the changes to people, processes, and technologies that PERS intends to embark on through the 2029-31 biennium. This plan describes the PERS Modernization Program road map of specific projects and enabling work that will modernize business functions and capabilities within PERS, as well as the steps PERS will take to establish organizational agility to ensure operational effectiveness and efficiency. Refer to the section "PERS Modernization Program" on page 20 of this plan for more information on the modernization goals and benefits.

PERS Operational Needs

While carrying out this strategic plan, ISD will continue to meet the day-to-day needs of the agency. ISD is committed to providing resources, information, and tools that are accurate, efficient, and effective, while maintaining the ability to customize support provided for each business area within PERS.

External Drivers, Direction, and Guidance



Governor's Agency Expectations

The Governor's "Oregon Agency Expectations" explains what our Governor expects Oregon agencies to do to work together, break down silos, and make enterprise-wide system improvements. The Department of Administrative Services (DAS) provides the Governor's Office with updates on the agency's progress in meeting these expectations every quarter.
One of the expectations that impacts PERS IT is "managing information technology progress." It states, "Agencies of 50 FTE or larger are required to develop an information technology strategic plan. Plans should be developed with agency leadership and include how the agency aligns with the Enterprise Information Services' Strategic Framework and how modernization efforts will support the goals of the organization.

Legislative Key Performance Measures (KPM)

All state agencies establish KPMs to monitor the quality and value of their specific delivered services. They are approved by the Legislature.
PERS program operations have a significant impact on Oregon's economy. With approximately 10% of Oregonians directly participating in PERS retirement plans, and many more who are family members and/or beneficiaries of those participants, delivering high-quality and cost-efficient services is essential.

Member and Employer Needs

PERS members and employers rely on timely, accurate, and accessible services to support retirement planning, reporting, and benefit administration. Their expectations for efficiency, transparency, and digital access continue to grow, shaping ISD's priorities in modernization, data management, and service delivery. By aligning IT strategies with these needs, ISD ensures that technology investments directly improve the experiences of members and employers while maintaining trust in PERS operations.

Enterprise Information Services (EIS) Strategic Framework

The 2023–2026 Enterprise Information Services (EIS) strategic framework sets forth a new operating model that provides for an expanded mission, vision, and values. Five specific objectives represent a set of outcomes with corresponding goals that reflect the "desired state." Each goal is supported by key metrics aimed at providing baseline data for measuring and improving future performance.

External Mandates

External mandates that affect PERS include legislative actions, statutory changes, and court decisions. These can significantly affect what PERS must do.

Evolving Technology

The IT world is constantly evolving. There are nearly daily opportunities to evaluate new products and improved technologies that could enhance ISD services. These opportunities may come with new requirements and risks.

Strategic Plan

Components of the Plan

The IT strategic plan links to the agency’s 2023–2028 strategic plan. The components of the IT strategic plan are in support of the overall agency’s strategies, goals, and objectives.
These components are hierarchical, meaning each item is broken down into more detail as you move down the list.

Component	Definition	Key questions it answers
Mission	A statement of the core purpose of the organization.	What is our purpose? Who are our customers?
Customer needs	Customer needs that require our organization’s services.	What do our customers need from us?
Priorities	Services that are needed to meet the highest-priority customer needs.	What services do we need most urgently to meet the highest-priority customer needs?
Strategies	Courses of action directed at achieving an intended set of goals.	What do we need to do to meet or exceed our goals? What is the vision of the intended targets or outcomes?
Focus areas	Highest-priority service concepts grouped by business/operations functional area responsible for those services.	To what business/operations functional areas do the highest-priority services belong?

Focus Areas

The 2023–2028 PERS Strategic Plan defines six agency-level strategic priorities required for PERS to fulfill its mission and meet the needs of members, employers, and retirees. These six strategic priorities, along with how IT will support each focus area, are summarized below.

BUDGET NARRATIVE

Strategy 1: Organization Management and Development

Focus area 1: Workforce Development
IT will provide business solutions to PERS HR to develop training plans and the recording and monitoring of the employee development plans. Most of these capabilities are already available in Workday, but IT will provide supplemental solutions as necessary.

Focus area 2: Organizational Communication
IT will provide business solutions to enhance organizational communications to improve employee engagement, including the use of electronic surveys, intranet, and online videos.

Focus area 3: PERS Outcome Based Management System (POBMS)
IT will provide business solutions to support POBMS, including leveraging Microsoft's cloud-based PowerBI reporting capabilities.

IT will provide business solutions to support enterprise portfolio management, including leveraging Microsoft's cloud-based Project Web Access (PWA).

Strategy 2: Member services and communications

Focus area 1: Member Engagement
IT will provide business solutions to enhance member engagement, such as journey maps, member surveys, and IT support for the annual PERS Retirement Expo.

Focus area 2: Omni-Channel Service Delivery
IT will provide business solutions to enhance and secure Online Member Services (OMS) through the support of the PERS Modernization Program.

Strategy 3: Data Consistency

Focus area 1: Data Analytics
IT will provide business solutions to improve data validation in Employer Data Exchange (EDX) and provide technology to reduce manual processing through the support of the PERS Modernization Program.

Focus area 2: Data Integrity
IT will provide business solutions to identify and clean up data issues and provide the capability to lock member data through the support of the PERS Modernization Program.

Focus area 3: Data Utilization
IT will provide business solutions to utilize data and analytics to help drive and support agency decisions through the support of the PERS Modernization Program.

Strategy 4: Information Technology

Focus area 1: ORION-System Modernization
IT will provide technology solutions to modernize critical areas of ORION through the support of the PERS Modernization Program. This also includes:

- Prioritizing and resolving technical debt in jClarety.
- Resolving key issues affecting jClarety administration, performance, maintainability, and sustainability in preparation for modernization.
- As needed, refactoring or redesigning operational jClarety processes to improve maintainability and efficiency as well as stabilizing the core application and its supportability.
- Supporting, executing, and deploying necessary system changes in jClarety as mandated by the Legislature.
- Establishing a “cloud-first” strategy using Hybrid Cloud.
- Designing a versatile digital business platform.
- Completing a disaster recovery Warm-site2 initiative in collaboration with the State Data Center.

Focus area 2: IT Workforce Development

IT will continue to implement more strategies for attracting, developing, and retaining talent—endeavoring to enhance the ISD work environment to encourage effective collaboration and innovation. This will be accomplished by deploying tools that support telecommuting, the reduction of silos within the organization, and optimization of team operations. In addition, ISD will improve documentation practices through collaborative platforms and dedicated technical writing support as well as providing next-generation training platforms to meet the demands of digital business optimization.
ISD will launch the ISD Skills Academy to help build workforce capabilities that support modernization and future technology needs. Informed by workforce strategy, skills assessments, and staff input, the program will align training investments with organizational priorities while offering flexible, multi-modal learning opportunities. This will equip staff to adapt to emerging technologies and sustain PERS’ mission-driven modernization.
IT continues to reduce its dependencies on contractors since the budget approval in 2023-25 of key FTE resources. However, some core components of the PERS Modernization Program will rely on system integrators to implement certain business solutions (e.g., Client Relationship Management (CRM)).

Strategy 5: Financial Management

Focus area 1: Technology Upgrades and System Integration

IT will provide business solutions to improve productivity, organize data, and reduce manual work through the support of the PERS Modernization Program.
IT will also provide support to upgrade the current version of Financial Edge to a cloud-based solution as well as enabling business with secure access to systems and applications during the modernization program.

Focus area 2: Financial Management Resource Development

IT will provide business solutions to improve financial accounting and reporting through the support of the PERS Modernization Program.

Strategy 6: Risk Management

Focus area 1: Risk-Management Program

IT will provide business solutions to implement a cloud-based enterprise risk management (ERM) program.

Focus area 2: Information Security Program

IT will provide business solutions and resources to implement security controls in ORION and in the cloud.

Focus area 3: Member Privacy

IT will provide business solutions to support member privacy as determined by the PERS Information Security and Risk office.

Strategy7: Modernization Program

IT will partner with the Modernization Program to replace jClarety with a new COTS pension administration system, aid in the program's efforts to re-engineer Business Processes, and provide tools to help in implementing a Change Management Program.

IT will facilitate the development of key modernization deliverables, including foundational program documents, RFPs and contract awards, a detailed modernization plan with workstreams (system gaps, data readiness, architecture, cloud, integrations, and security), an updated roadmap, a comprehensive resource plan, and a 2026 legislative funding request. IT will also support the creation of current-state business journey maps covering key pension life cycle events, along with documented improvement initiatives to enhance member and employer satisfaction.

Finally, IT will help develop and award an RFP for an organizational change management vendor, create an OCM plan, finalize a resource plan, and prepare a 2027–2029 funding request.

ITSP Communications Plan

ISD will work with the PERS Communications Section to communicate the relevant parts of our plan to affected audiences.

ISD Staff

Division meetings.

Email correspondence.

PERS Intranet.

PERS Staff

Vested employee newsletter.

Division and all-staff meetings.

Members

Perspectives newsletter for active members.

Employers

Employer News newsletter.

PERS Modernization Program

ISD will play a crucial role in the success of PERS Modernization Program — much like we did in the Senate Bill (SB) 1049 Program (learn more about SB 1049 on the PERS website).

By partnering with the program from strategy through architecture, design, and implementation, and providing support across each sub-project—from initiation to deployment and ongoing operations, ISD will ensure the program achieves its objectives and realizes its intended benefits.
ISD will provide technical expertise and leadership to deliver a sustainable, adaptable Pension Administration System. This will include driving key activities such as procurement, system design, data integrity, cloud infrastructure, and security, while partnering with business units to re-engineer processes that improve efficiency and service quality. By embedding change management, ISD will also support employees, members, and employers through the transition, ensuring modernization goals are met and long-term success is achieved.
During the upcoming 2025-27 biennium, ISD is positioned to support two projects under the modernization program: Telephony and Hybrid Integration Platform.

Budget Narrative

Program Goals

TRANSFORM BUSINESS PROCESSES — Provide a digital self-service experience for both members and employers

AUTOMATE PROCESSES AND CALCULATIONS — Automate processes and calculations, where possible, to improve efficiency and reduce risk

ENGAGE MEMBERS IN THEIR RETIREMENT PLANNING AND EDUCATION

INTEGRATE LINES OF SERVICE — Incorporate all benefit plans and functionality into one integrated system, including online services, for a seamless experience for members, employers and staff

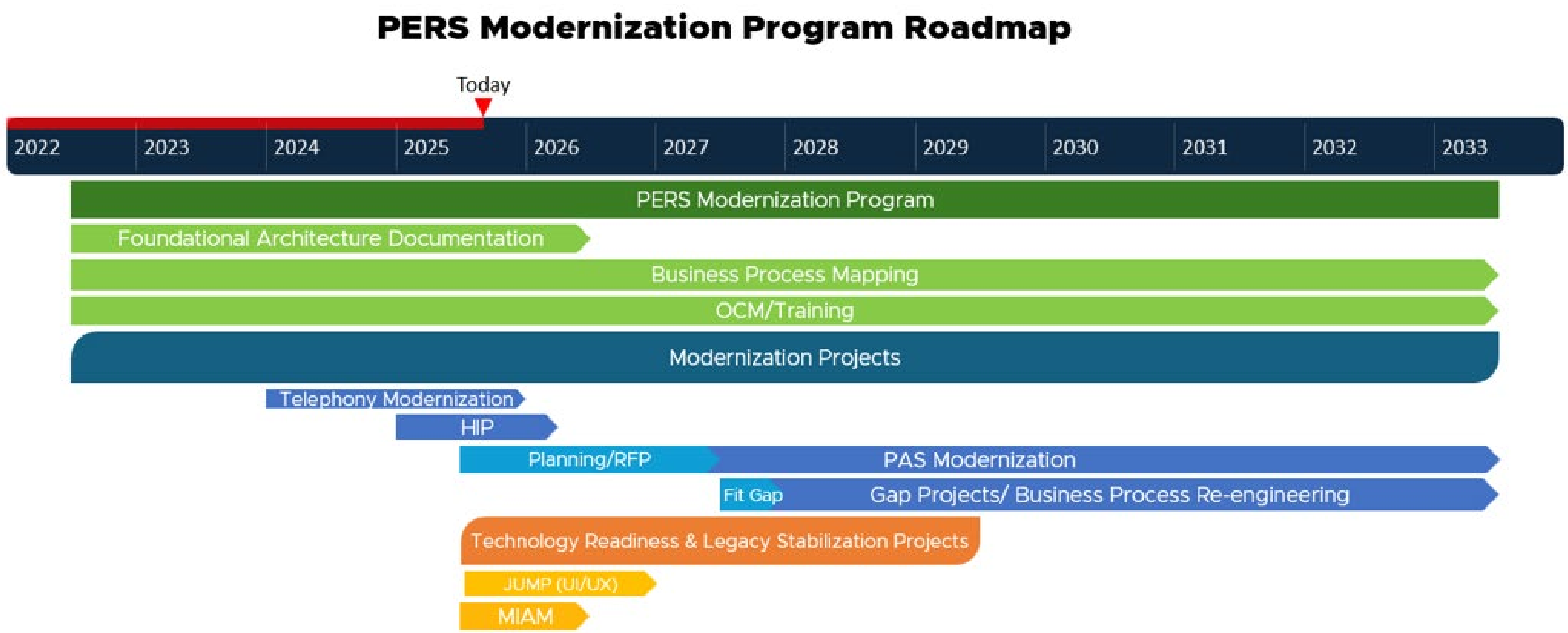
CREATE AN ADAPTABLE ENVIRONMENT — Build system on a platform which can be modified, in an efficient and cost-effective manner to reflect future needs and legislative changes

PROTECT MEMBER DATA — Ensure the confidentiality, integrity, availability and privacy of member and employer data are protected.

Modernization Program Benefits

Increases	Reduces	Improves
Satisfaction with PERS services PERS staff engagement Staff technical skills Sustainable partnerships, platforms, and applications	Annual escalations received Manual calculations and processes Retirement application processing time Annual pension-administration costs per member Data and identity fraud risks	Data accuracy Confidence in PERS technologies, applications, tools, and data Majority of service offerings available in integrated system

Program Roadmap
(last updated September 2025)



Appendix A. Project Tracking

ISD uses two primary working documents to guide, track, and report on IT projects: the tracking worksheet and the roadmap.

The ITSP Tracking Worksheet

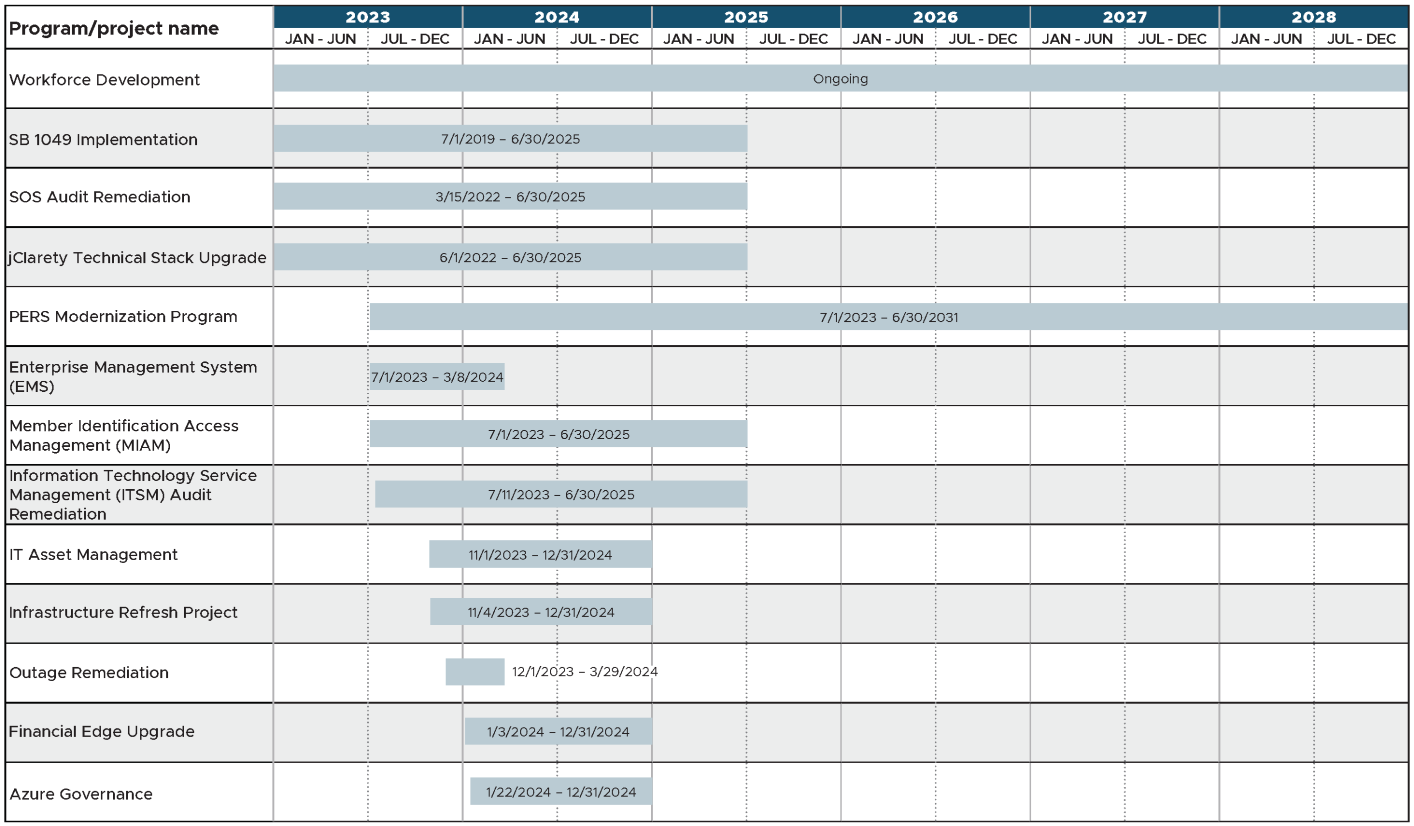
ISD uses various weighting factors to calculate an overall score for each project, providing a priority order used to decide which projects are evaluated and resourced first. It also provides high-level tracking. This is a dynamic tool that is updated as projects are completed or added and as agency or IT needs change.

ISD Portfolio

Priority	Program/Project Name	Status	End Date	Driven By
84%	HB4045 P&F Age Change Phase II	Active	4/6/2026	External Mandate
83%	Managed Services Migration	Active	1/12/2028	PERS Strategic Plan
83%	PERS Modernization Program	Active	6/30/2031	PERS Strategic Plan
75%	Salem to State Lands Building 2025	Active	8/8/2025	External Mandate
70%	INF Refresh TGD-SLM 23-25	Active	7/31/2025	IT Foundational
70%	Member Identity and Access Mgmt	Active	8/31/2026	Security
69%	Telephony Modernization, Phase I	Active	3/13/2026	PERS Strategic Plan
68%	ACFR 2025	Active	1/8/2026	PERS Strategic Plan
68%	PBTN 2025	Active	12/31/2025	PERS Strategic Plan
66%	Data Clean Implementation	Active	8/12/2025	PERS Strategic Plan
63%	COLA 2025	Active	8/29/2025	OSC Prioritization
61%	Portfolio Intake Process (MVP)	Active	9/10/2025	PERS Strategic Plan
56%	Estimate Tracker Tool	Active	10/10/2025	OSC Prioritization
48%	Expo 2025	Active	11/6/2025	PERS Strategic Plan
45%	MS Windows Server 11 Upgrade	Active	10/7/2025	IT Foundational
1%	jClarety Releases 2025	Active	10/31/2024	OSC Prioritization
69%	SSRS - Development Only	Active	TBD	IT Foundational
68%	SOS Audit Remediation	Active	12/31/2026	PERS Strategic Plan
60%	Workforce Develop - ISD & OSA	Active	6/30/2025	IT Strategic Plan
52%	OSA migration to SQL/AD	Active	12/31/2025	IT Foundational
52%	Azure Commerical Migration	Active	12/31/2024	ISD Project
50%	FN Srvrs to Window Srvr 2022	Active	11/26/2025=MSM; 5/10/2025=Patching	IT Foundational
44%	Section Onboarding Plan	Active	12/31/2025	TOS Initiative
25%	New App Support Implementation	Active	2/28/2026	ISD Project
10%	Boardroom Upgrades	Active	9/30/2025	TOS Initiative
10%	ITAM Program Implementation	Active	9/30/2025	TOS Initiative
0%	Struts v2.5 Development Only	Active	8/31/2025	IT Foundational

The IT Roadmap

ISD's IT roadmap shows in-process IT projects, including the PERS Modernization Program. The chart offers a visual representation of the projects and programs on which ISD is working from 2023 to 2028. Note: new legislation and other mandates may occur over the duration of this plan and the IT roadmap will be updated as necessary.



Appendix B. Alignment with Legislative KPMs, EIS Framework, and POBMS

Alignment with Legislative Key Performance Measures (KPM)

The Oregon Legislature has established and approved KPMs for all state agencies to monitor the quality and value of the specific services they deliver.

PERS program operations have a significant impact on Oregon's economy. About 10% of Oregonians directly participate in PERS retirement plans and many more are family members and/or beneficiaries of those participants. Therefore, it is important for PERS to deliver high-quality and cost-efficient services.

The PERS ITSP includes IT requirements that PERS must meet in order to satisfy the KPMs. The IT requirements indirectly affect the following five of the eight KPMs (affected KPMs indicated with **bold**).

KPM 1 — Timely Retirement Payments: Percentage of initial service retirements paid within 45 days from retirement date.
KPM 2 — Total Benefit Administration Costs: Total benefit administration costs per member.
KPM 3 — Member-to-staff ratio: Ratio of members to FTE staff.
KPM 4 — Accurate Benefit Calculations: Percent of service retirement monthly benefits accurately calculated to within $5 per month.
KPM 5 — Level of participation: Percent of state employees participating in the deferred-compensation program.
KPM 6 — Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent." Includes overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.
KPM 7 — Timely Benefit Estimates: Percent of benefit estimates processed within 30 days.
KPM 8 — Board of Director's best practices: Percent of total best practices criteria met by the PERS Board.

The relevant Legislative KPMs (1, 2, 4, 6, and 7) are most supported by the ITSP goal of improved IT efficiency and responsiveness to changes.

Alignment with 2023–2026 Enterprise Information Services (EIS) Strategic Framework

The following table shows the ITSP goals and objectives that directly or indirectly support the relevant "2023–2026 EIS Strategic Framework" objectives.

EIS Strategic Framework objectives	PERS ITSP outcomes
Objective 1 – Deliver Service Excellence Enable service flexibility and improve resiliency and mature statewide emergency communications interoperability and resilience.	**Focus Area 1 Goal** Improve IT efficiency and responsiveness to business operational changes.
Objective 2 – Mature Project Transparency and Accountability Reinforce the adoption and application of formal project management principles, standards, and emerging best practices that support accountability and value delivery on behalf of people in Oregon. Strengthen service integration and policy area coordination within EIS to support IT investment maturity and alignment with enterprise standards, strategies, and architecture —accelerating cloud adoption, the use of data as a strategic asset, and digital transformation.	**Focus Area 1 Goal** Improve IT efficiency and responsiveness to business operational changes.

EIS Strategic Framework objectives	PERS ITSP outcomes
Objective 3 – Mature Statewide Cloud Strategy and Brokerage Service Provide a framework to guide agency adoptions to enterprise cloud infrastructure and platform services and establish a Network and Security Modernization Program.	**Focus Area 1 Goal** Improve IT efficiency and responsiveness to business operational changes.

EIS strategic framework objectives	PERS ITSP outcomes
Objective 4 – Mature Oregon's Data Governance Advance the state of Oregon's enterprise data leadership, data policy and research, program and performance management, data delivery, and open data and transparency.	**Focus Area 1 Goal** Improve IT efficiency and responsiveness to business operational changes. **Focus Area 2 Goal** Improve the workforce environment to prepare for and attract the next generation of technical talent.
Objective 5 — Improve Oregon's Cybersecurity Posture Advance the state of Oregon's mission through the collaborative development and adoption of enterprise-wide cybersecurity policies matched by prioritized risk management–based implementation of cybersecurity defenses.	**Focus Area 1 Goal** Improve IT efficiency and responsiveness to business operational changes.

EIS strategic framework objectives	PERS ITSP outcomes
Objective 6 — Mature Legacy System Modernization Strategy Ensure policy-area and agency modernization plans align with enterprise strategies, architecture, and emerging IT standards, and develop a high-level model and approach for architecture development to support planning for major modernization initiatives.	**Focus Area 1 Goal** Improve IT efficiency and responsiveness to business operational changes. **Focus Area 2 Goal** Improve the workforce environment to prepare for and attract the next generation of technical talent.

Supporting PERS Outcome-Based Management System (POBMS)

ISD's current work maps to the POBMS to ensure our work supports agency goals. Most of our work supports POBMS Supporting Process (SP) 3.

SP3: Providing information technology

SP3-1 Capturing and Maintaining Enterprise Architecture.

Objective 1.1 ORION core applications (other than jClarety, which will be replaced with a COTS solution) are rearchitected as independent, discrete business services.

SP3-2 Developing IT Strategies to Meet Agency Technology Needs.

GOAL Improved IT efficiency and responsiveness to business operational changes.

Objective 1.1 ORION core applications (other than jClarety, which will be replaced with a COTS solution) are rearchitected as independent, discrete business services.

Tactic 1.1.1: Resolve key issues affecting ORION administration, performance, maintainability, and sustainability to support PERS Modernization Program.

Tactic 1.1.4: Create an application-programming interface (API) ecosystem to allow ORION to loosely integrate between applications, commercial off-the-shelf (COTS) solutions, and external services.

Tactic 1.1.5: Analyze opportunities to leverage COTS solutions when beneficial to the agency.

Tactic 1.1.6: Redesign current infrastructure to use Hybrid Cloud (on the premises and in the cloud).

SP3-3 Ensuring System Availability and Performance.
GOAL Improved IT efficiency and responsiveness to business operational changes.
Objective 1.1: Rearchitect ORION core applications (other than jClarety, which will be replaced with a COTS solution) as independent, discrete business services.

Tactic 1.1.2: Restructure and improve nightly jClarety batch processes for better maintainability, increased efficiency, and shorter batch duration.

Tactic 1.1.3: Redesign jClarety batch processes and other ORION core applications to improve supportability, logging, monitoring, and error-handling functionality.

SP3-4 Providing Technical Support Services.
GOAL Improved IT efficiency and responsiveness to business operational changes.
Objective 1.1 Rearchitect ORION core applications (other than jClarety, which will be replaced with a COTS solution) as independent, discrete business services.

Tactic 1.1.1: Resolve key issues affecting ORION administration, performance, maintainability, and sustainability to support PERS Modernization Program.

Tactic 1.1.2: Restructure and improve nightly jClarety batch processes for better maintainability, increased efficiency, and shorter batch durations.

Tactic 1.1.3: Redesign jClarety batch processes and other ORION core applications to improve supportability, logging, monitoring, and error-handling functionality.

SP3-5 Maintaining and Enhancing Applications and Systems.
GOAL IT efficiency and responsiveness to business operational changes are improved.
Objective 1.1 Rearchitect ORION core applications (other than jClarety, which will be replaced with a COTS solution) as independent, discrete business services.

Tactic 1.1.1: Resolve key issues affecting ORION administration, performance, maintainability, and sustainability to support PERS Modernization Program.

SP3-6 Implementing New Applications and Systems.
GOAL Improved IT efficiency and responsiveness to business operational changes.
Objective 1.1 Rearchitect ORION core applications (other than jClarety, which will be replaced with a COTS solution) as independent, discrete business services.

Tactic 1.1.1: Resolve key issues affecting ORION administration, performance, maintainability, and sustainability to support PERS Modernization Program.

Tactic 1.1.4: Create an application-programming interface (API) ecosystem to allow ORION to loosely integrate between applications, commercial off-the-shelf (COTS) solutions, and external services.

Tactic 1.1.5: Analyze opportunities to leverage COTS solutions when beneficial to the agency.

Tactic 1.1.6: Redesign current infrastructure to use Hybrid Cloud (on the premises and in the cloud).

SP3-7 Implementing and Maintaining System Security
GOAL Improved IT efficiency and responsiveness to business operational changes.
Objective 1.1 Rearchitect ORION core applications (other than jClarety, which will be replaced with a COTS solution) as independent, discrete business services.

Tactic 1.1.6: Redesign current infrastructure to use Hybrid Cloud (on the premises and in the cloud).

Agency Programs

PERS and its associated programs have a significant impact on Oregon's economy. In 2023, Oregon PERS paid approximately $6.5 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 28,000 non-retired members and more than 138,000 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, 2025, more than 17,000 (about 33%) 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 $6.2 billion in benefit payments in fiscal 2025 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. Financed with Other Funds, it 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, 2025, the OPSRP Pension Program had more than 223,000 active and inactive members, which is more than 53% of the current total active and inactive PERS member population. PERS made approximately $118.2 million in benefit payments during fiscal 2025.

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).

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, 2025, there were 340,511 active IAP accounts. The IAP requires members in qualifying positions to contribute six percent of their salary to the IAP, which is invested as part of the Oregon Public Employees Retirement Fund (OPERF) under the oversight of the Oregon Investment Council (OIC). The total IAP balances as of June 30, 2025, were approximately $15.3 billion.

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 $776 million in IAP benefit payments were issued during FY 2025.

Until January 2018, IAP assets were invested identically for every participant, independent of age or individual retirement horizon. That approach did not comport with industry best practice, which uses age as a proxy for risk tolerance and suggests investors' portfolios become increasingly conservative as retirement approaches. The Oregon Investment Council chose an automatic risk-adjusting framework for the IAP, known as a target-date fund (TDF). In this framework, younger workers gain more exposure to higher risk growth investments, such as stocks, while older workers increasingly give up that growth exposure in exchange for lower account-balance volatility as they near and enter retirement. In all, 10 target-date funds were established.

Senate Bill 1049 instituted Member Choice for IAP participants beginning January 2021. Annually, PERS will inform members of an "optional investment choice window" in which they can choose a target-date fund for their IAP investment different from the default fund based on their birth year. This allows members to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age. For changes taking effect January 1, 2023, there were 459 members who chose to be invested in an IAP target-date fund different than their default age tranche. For changes taking effect January 1, 2024, there were 507 members.

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 482,451 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 35,579 retirees receive this subsidy, which totals approximately $27.8 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 $3.7 million in premium subsidies annually to 295 retirees (average $1,409 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 $41 million per year, third-party administration agreements, and consultant services. Member fees and earnings on dollars held by SRHIA fund this activity.

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 plan is available to all state employees and those school districts and local government employers that choose to offer this plan.

Budget Narrative

This plan allows participants to save additional funds for retirement while reducing their current taxable income. The program currently serves over 38,000 current and former state agencies, school district, and local government employees. Plan assets were valued at approximately $3.6 billion as of June 2025.

A third-party administrator provides OSGP record-keeping and account-management services. Investment alternatives are selected with assistance from 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. As of June 30, 2025, there are 375 local government employers in OSGP.

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

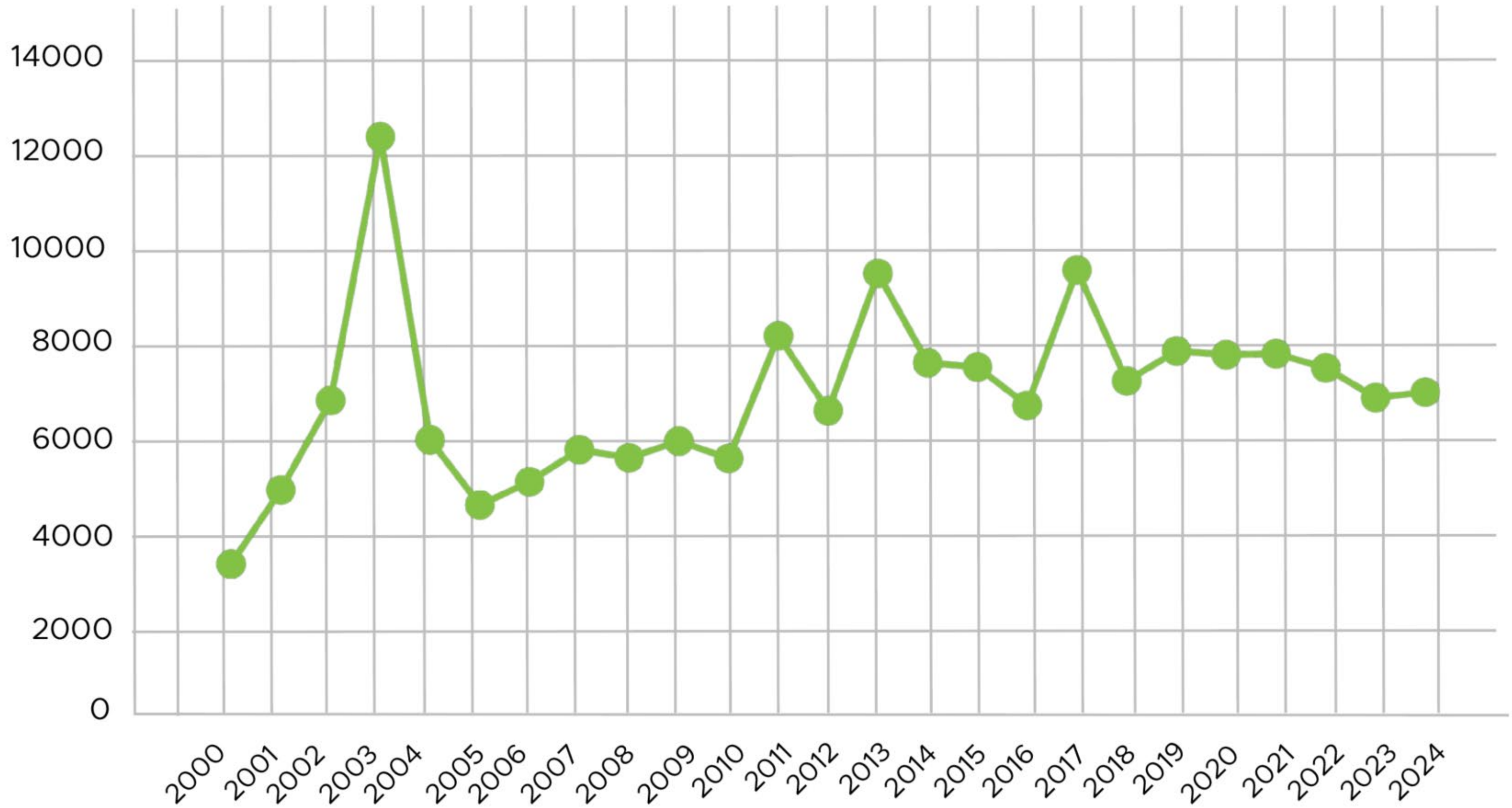
Membership demographics indicate that the demand for PERS services will continue to increase. The average number of retirements is projected to steadily climb to over 8,500 per year by 2026, from an average of about 7,500 per year for the past five biennia. In 2003, retirements spiked to over 12,000 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, 2023, almost 70,500 members (29% 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, combined with legislative changes, drives PERS services and operational demands.

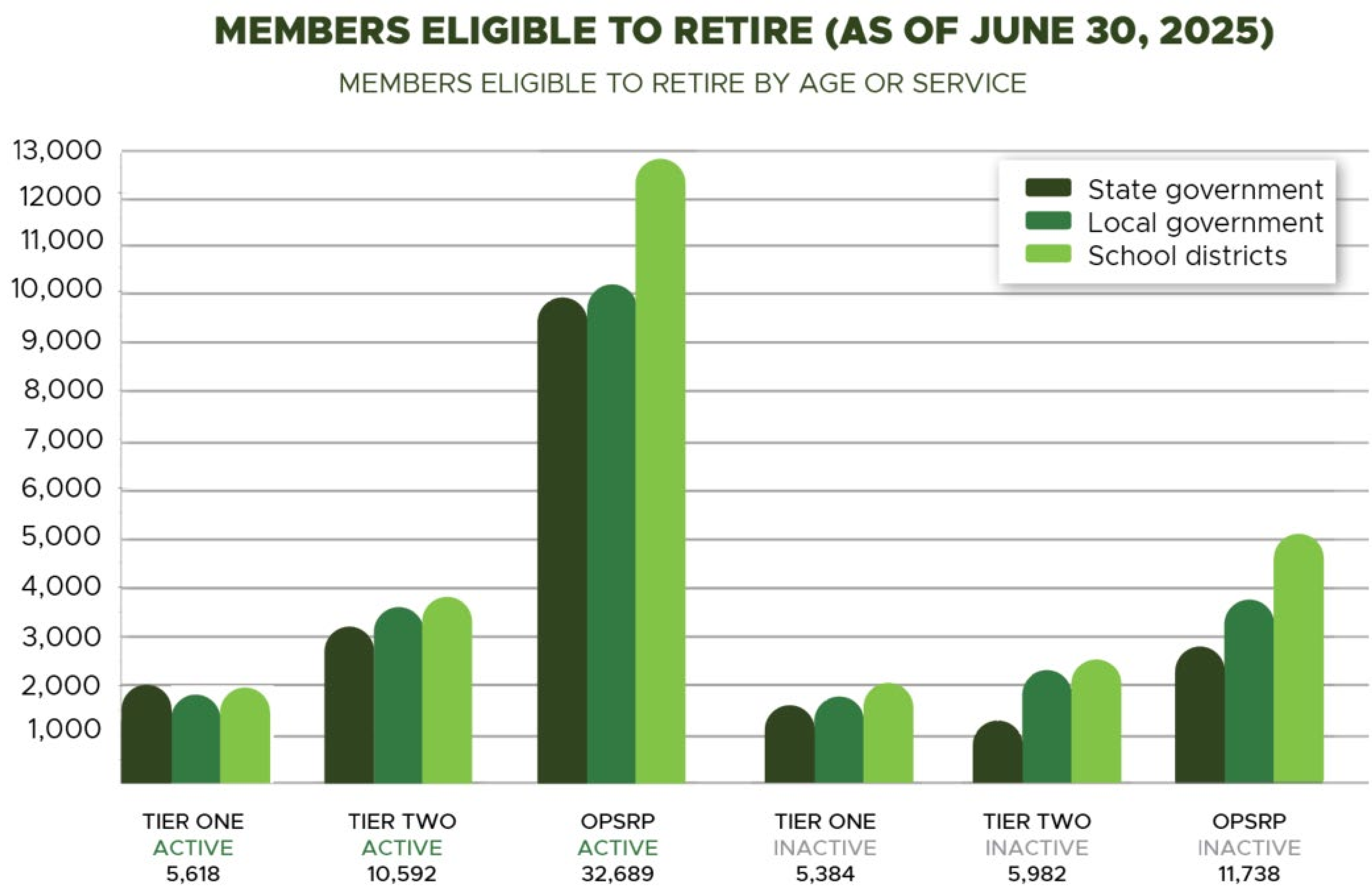
Many retiring members choose to participate in the PERS Health Insurance Program. Their applications require a determination of eligibility, explanation of benefits, and deduction of premium for coverage. This program of four staff and partnership with a third-party administrator is at times challenged 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.

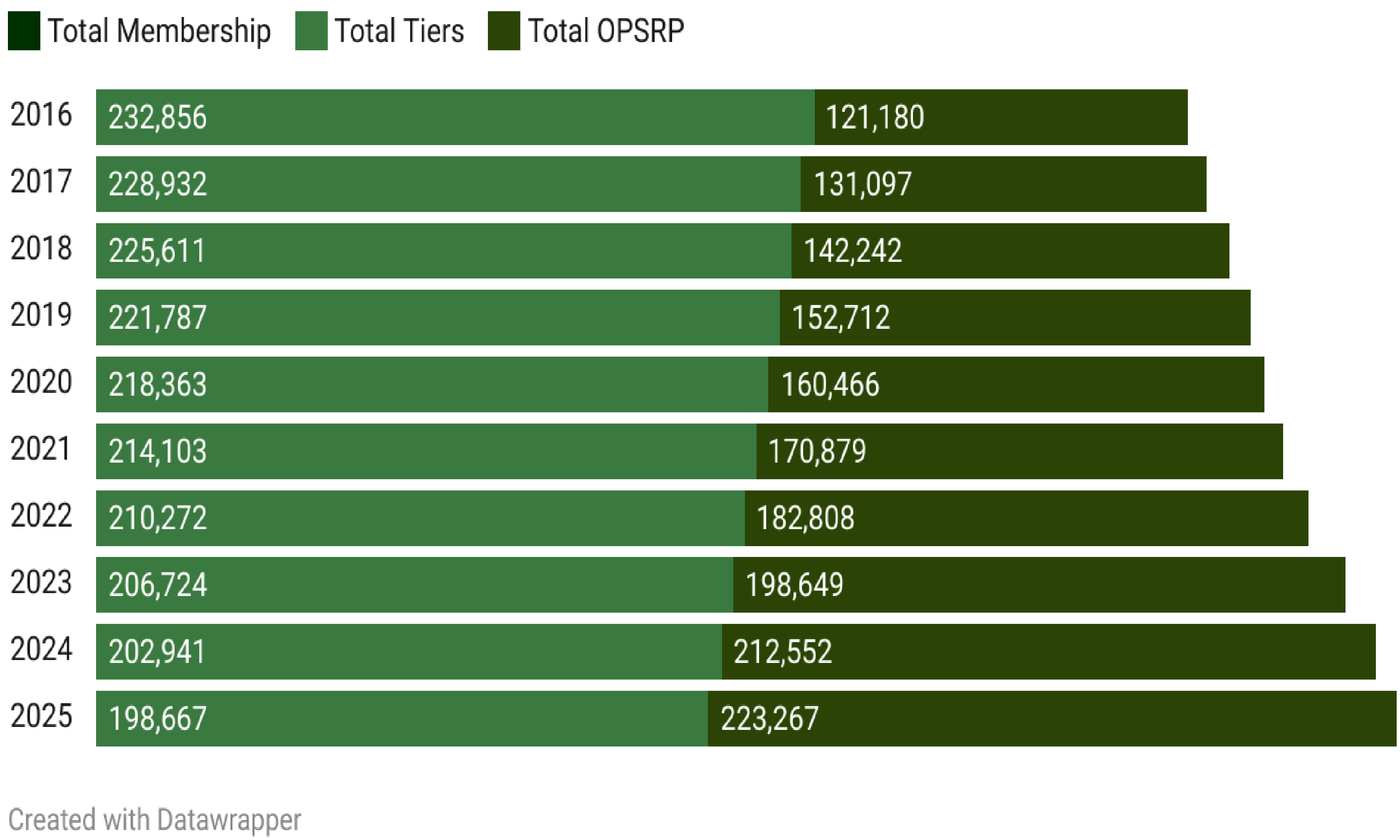
Retirements by Calendar Year
(TIER ONE, TIER TWO, OPSRP)



Members Eligible to Retire
(AS OF JUNE 30, 2025)



PERS Membership Plan



PERS MEMBERSHIP BY CATEGORY AS OF JUNE 30, 2025

Membership by Category		State Govt.	Local Govt.	School Districts	Total
Tier One	Active	2,295	1,873	2,328	6,496
	Inactive	1,817	2,056	2,231	6,104
Tier Two	Active	5,795	6,820	9,182	21,797
	Inactive	2,672	4,136	4,918	11,726
OPSRP	Active	49,098	54,124	66,743	169,965
	Inactive	9,463	12,346	15,385	37,194
Subtotal	Active	57,188	62,817	78,253	198,258
	Inactive	13,952	18,538	22,534	55,024
Retired*		48,642	50,944	69,066	168,652
TOTAL AS OF JUNE 30, 2025					**421,934**

*"Retired" includes beneficiaries, but not members who received total lump-sum retirement or account withdrawal payouts.

State government — State agencies, universities (except Oregon Health and Science University, or OHSU), judges
Local government — Cities, counties, special districts, community colleges, and OHSU
Active — Currently working for a PERS-participating employer
Inactive — Not retired; not currently working for a PERS-participating employer

Complex and evolving plan structures

From 1945 to 2026, the Legislature has approved more than 75 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 80 years of the program. In 2003, the Legislature made broad changes to PERS by establishing the OPSRP Pension Program, and IAP Program 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.

After 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 cost-of-living-adjustment (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 do not 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. Most payments and reconciliations were completed by the end of the 2021-2023 biennium.

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 Unfunded Actuarial Liability (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 (UALRP) will be in place for employers participating in the EIF program to acquire ways they may plan to make additional lump-sum payments in the future.

Senate Bill 1049 was approved by the 2019 Oregon Legislative Assembly. SB 1049 was comprehensive legislation intended to address the increasing cost of funding PERS, reduce system UAL obligations, and provide relief to escalating contribution rate increases for public employers. These goals were accomplished through changes to member benefits, existing employer rate reduction programs, and re-amortization of the Tier One and Tier Two UAL. Implementation efforts were completed by June 30, 2025.

In the 2024 legislative session, the Legislature approved HB 4045. Also known as the "Public Safety Workforce Stabilization Act," it made the following three changes to the PERS program:

- Added elected district attorneys, as well as forensic scientists and evidence technicians at the Oregon State Police, to the definition of "police officer" for PERS purposes, giving these positions Police and Firefighter (P&F) benefits under PERS. This provision is effective for service performed on or after January 1, 2025.

- Lowers the normal retirement age for Oregon Public Service Retirement Plan (OPSRP) P&F members with less than 25 years of service credit from age 60 to age 55. For P&F members with 25 years or more of service credit, their retirement age remained the same at age 53. This provision is effective for retirement dates on or after January 1, 2025. An automated solution was implemented in January 2026 and replaced interim manual processes required to meet the legislated effective date.

- Creates a new member classification for OPSRP members, in addition to General Service and Police and Firefighter. The new classification will be called "Hazardous Position." The Legislature will determine which job positions within PERS qualify for the Hazardous Position classification based on requirements laid out in the statute: " 'Hazardous position' means a position that does not meet the definition of a qualified public safety employee under section 72(t)(10)(B) of the Internal Revenue Code, but that: Requires the person holding the position to work with or manage emergency or traumatic events in the regular course of work; or Carries a high risk of physical harm." HB 4045 also added the first two groups of employees whose jobs fit within the Hazardous Position classification: Oregon State Hospital employees who have direct contact with patients, and 911 telecommunicators as defined in Oregon Revised Statutes (ORS) 181A.355. More positions can be added to the new classification by the Legislature in future sessions. HB 4045 also includes the following rules regarding the Hazardous Position member classification:
- Hazardous Position members' normal retirement age will be age 60, or age 58 with 25 years of service. Their early retirement age will remain 55 (the same as General Service members). Pension-benefit calculations for Hazardous Position members also will use a 1.8% multiplier for Hazardous Position service (the same as P&F members' service).

- This portion of the bill is effective on January 1, 2030, which means that any members in a hazardous position will not be able to retire as a member of the Hazardous Position classification until January 1, 2030, at the earliest, and will receive hazardous position service credit from January 1, 2030, onward.

- Like OPSRP P&F members, OPSRP Hazardous Position members will be required to serve their previous 60 months of service in a hazardous position before retirement. Service credit within a position that would have been classified as a hazardous position from 2019 onward *can* be used to satisfy this requirement. However, the increased multiplier for Hazardous Position service will not be applied to any service credit before January 1, 2030.

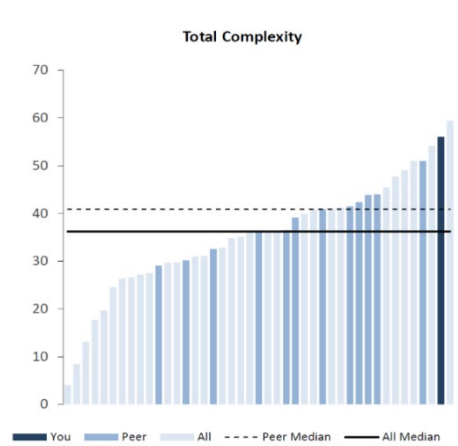
Planning, analysis and design work to address the Hazardous Position implementation began in early 2026 and is expected to be completed by January 2027. It is anticipated that the timeframe to implement this change, within the current pension administration system, jClarety, will continue through December 2029. PERS is also in the initial stages of procuring a new pension administration system. The planning, analysis and design work will inform the business requirements necessary to implement this functionality into the new pension administration system.

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.

Program Administration Complexities

With its legislatively approved staffing and budget resources, PERS provides a variety of retirement services to over 422,000 members and benefit recipients and 900 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 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.

PERS belongs to an international benchmarking service that benchmarks 78 pension plans from across the world. When comparing the relative complexity of these systems, PERS is currently the second most complex pension administration system. The overall complexity scores further increased for PERS because of the complexities associated with implementing the different elements of SB 1049 and will further increase when the Hazardous Position classification within OPSRP becomes effective January 1, 2030.
This increased complexity is already being reflected in the accrued technical debt within the PERS ORION administrative system, which needs to be addressed in upcoming biennia through the PERS Modernization Program.



Criteria for 2027-2029 Budget Development

PERS has evolved towards becoming an aligned, outcome-driven agency. The fundamentals map that was developed outlines the agency mission, shared vision, core values, and operating principles. The agency's core work is measured according to our strategic plan pillars and related goals. Those goals are achieved through performance improvements 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 this 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 2027–29 biennium are connected to tactical, incremental strategies to maintain or improve performance of our business objectives.

Modernization

As PERS celebrates our 80th year as an agency in 2026, we recognize that we must re-imagine how we evolve and deploy our business capabilities via our people, processes, and technologies. This evolution is necessary to meet our member and employer needs into the future. Members and employers have a desire for more personalized and updated service delivery such that they can be informed, interact, and transact with PERS at the time of their choosing using the channel of their choosing. This re-imagining of our service-delivery model will be accomplished, in alignment with our strategic plan, via an overarching modernization program that, ultimately, ensures that we are meeting those future stakeholder needs in the most effective and efficient means to do so.

The PERS Modernization Program was formally approved to begin in the 2023-25 biennium, and more information is detailed below.

Initiatives and Accomplishments

For the 2025-27 biennium, there were twelve Policy Option Packages included in SB 5534. Of these, ten were focused on addressing Current Service Level issues such as additional staff to address resource constraints, reclassifications or IT subscription changes. However, the following two Packages were adopted to either address legislatively mandated plan changes or PERS modernization efforts.

HB 4045

As noted above, HB 4045 was passed in the 2024 legislative session and had three distinct changes.

The addition of more job groupings into the OPSRP Police and Fire classification was accomplished through collaboration with affected employers to ensure that required data submissions were appropriately categorized.

With respect to the change to the Police and Fire retirement age change, given the short timeframe between bill signing and effective date, manual processes were put in place for the January 1, 2025, effective date with automated processes implemented in January 2026.

Hazardous Position planning, analysis and design efforts commenced in early 2026 and it is anticipated that system development efforts will begin in early 2027. Given the complexity of the changes required, it is anticipated that development and testing work will continue through to the effective date, January 1, 2030. Consequently, additional funding will be requested for the 2029-31 biennium.

PERS Modernization Program

The PERS Modernization Program is a multi-biennia, enterprise business transformation. Its key goals are to:

- Improve member and employer experience
- Modernize technology: Replace legacy systems with a modular, cloud-ready Pension Administration System (PAS)
- Reengineer business processes for efficiency and automation
- Expand digital self-service and omni-channel engagement, and
- Strengthen data governance, security, and risk management

At the center of modernization is replacement of the current Pension Administration System (jClarety), which has been in use for more than 20 years. The system's age and design make it costly to maintain and increasingly difficult to modify. Legislative mandates such as House Bill 4045 amplify these risks and increase reliance on manual processing.

The PERS Modernization Program aims to transform the delivery of pension services by replacing outdated technology, redesigning core business processes, and enhancing organizational capabilities. This transformation will ultimately improve services for members, employers, and its internal workforce.

The Program encompasses a portfolio of component projects aimed at modernizing people, processes, and technology. These efforts include technology modernization, readiness and stabilization of legacy systems, and broader business transformation activities.

Several urgent and interconnected business drivers necessitate this modernization effort:

Constrained and Inflexible Technology: The current 20+ year old pension administration system (jClarety, within the broader ORION ecosystem) cannot keep pace with changing legislative mandates, including those introduced by HB 4045, nor can it scale efficiently. Workarounds involving spreadsheets, offline tools, and manual processes continue to grow—raising the risk of error, delay, and non-compliance. PERS must reduce the manual processes and has set a goal to reduce manual processes by 50% by implementing the new COTS Pension Administration system.

Stakeholder Expectations for Digital Services: Members and employers expect omni-channel engagement, intuitive digital services, and faster processing. PERS still receives paper-based retirement applications and other forms, and primarily provides support by phone, creating bottlenecks and limiting responsiveness.

Operational Inefficiencies and Workforce Impact: Roughly 25% of retirement applications require manual adjustments due to errors or missing information. Staff must navigate multiple systems to resolve even basic issues, leading to delays, increased workload, and decreased morale.

Data as a Strategic Asset: The agency must improve how it leverages data for forecasting, fraud detection, operational decision-making, and performance reporting. Current system architecture hinders real-time insight and cross-system visibility. PERS will consolidate its databases within the new COTS Pension Administration System, which will provide reliable data for actionable decision-making and data reliability.

Security, Audit, and Risk Concerns: As ORION components age, maintenance becomes increasingly complex and disruptive. System downtime and audit findings related to outdated processes have increased, creating reputational and operational risk.

Accomplishments completed and/or planned for 2025-27 biennium

- A new Modernization Director was hired in February 2025, with a resultant program reset.
- Governance Structures set:
  - Modernization Executive Steering Committee (MESC): Provides strategic oversight, approves major decisions, removes roadblocks, and ensures alignment with agency and statewide objectives.
  - Modernization Manager Meeting (M3): Supports the Program, assists in planning and assigning resources, identifies risks and issues, assists in removing roadblocks, and provides recommendations to the MESC.
- In early 2025, PERS partnered with Gartner to complete a formal solution analysis for the modernization of the Pension Administration System (PAS). The original plan was to modernize jClarety. After PERS completed its detailed solution analysis, PERS and the Modernization Executive Steering Committee decided to purchase a commercial-off-the-shelf (COTS) solution.
- A request for Information (RFI) was published, and responses were analyzed to build out comprehensive understanding of the PAS vendor community and high-level product offerings.
- As-Is business requirements were developed.
- Member Journey Maps have been completed.
- A specialized consultant was hired to assist in building out a comprehensive Request for Proposal (RFP) to procure a COTS PAS.
- The Telephony project: This will replace the current PERS telephony system with a modern telephony solution that includes cloud-based telephony offerings and provides capabilities to support future PERS Modernization Program efforts.
- The Hybrid Integration Platform project was started: This includes modernization of our system integration capabilities by implementing a Hybrid Integration Platform (HIP) that enables secure connectivity between on-premises and cloud-based applications, systems and data sources.

- The Data Cleaning project was started: This involved the agency obtaining a strategic partner to support data cleaning and prepare a strategy for data migration in preparation for the new pension administration system.
- The Member Identity and Access Management project was started: PERS procured and implemented a solution that provides additional security to our online member services platform.
- The JClarety UI/UX Modernization and Compliance Project (JUMP) project was started: This project will ensure PERS' external web portals are in compliance with the Americans with Disabilities Act (ADA) Web Content Accessibility Guidelines (WCAG) by the federal compliance deadline of April 24, 2026. Additional security enhancements will be made, and the current framework and codebase will be modernized.

Performance Measures

2025 Annual Performance Progress Report

As part of the agency's 2025 Agency Request Budget, PERS proposed, and the legislature approved, revised legislatively proposed KPMs as noted in the following chart, with the Total Benefit Admin Costs and Customer Service KPMs being adjusted.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
1. TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.		Approved	60%	80%	80%
2. TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.		Approved	$215.00	$225.00	$225.00
3. MEMBER TO STAFF RATIO - Ratio of members to FTE staff.		Approved	986	1,000	1,000
4. ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within $5 per month.		Approved	99%	100%	100%
5. LEVEL OF PARTICIPATION - Percent of state employees participating in the deferred compensation program.		Approved	46%	60%	60%
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	88%	90%	90%
	Overall		88%	90%	90%
	Availability of Information		82%	90%	90%
	Timeliness		89%	92%	92%
	Accuracy		89%	92%	92%
	Expertise		89%	92%	92%
7. TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.		Approved	97%	100%	100%
8. BOARD OF DIRECTORS BEST PRACTICES - Percent of total best practices criteria met by the PERS board.		Approved	100%	100%	100%

With the combined resources of the agency budget and policy option packages approved, 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.

Budget Narrative

Timely and Accurate Payment of PERS Benefits

The key performance measure target is to provide 80% of initial retirement payments within 45 days of the member's effective retirement date. During fiscal year (FY) 2025, PERS issued 63% of its pension benefit inceptions within 45 days of the member's effective retirement date, an increase from 61% and 60% from FY 2023 and FY 2024 respectively.

High-Quality Customer Service

For the 2025 member survey, 88% of members rated PERS' overall service as good or excellent. Members rated PERS highest in timeliness of service, ability to provide services accurately, and knowledge and expertise (89%), and lowest in availability of information (81%).

In the FY 2024 employer survey, the results also reflected similar ratings in every category. Employers rated PERS between 75% and 84% "good" or "excellent," with 82% of employers rating PERS overall service as "excellent" or "good." Employers rated PERS highest in helpfulness (87%) and lowest in availability of information (75%).

Optimize Effectiveness and Efficiency

PERS' member-to-staff ratio increased to 1,005:1 in FY 2025, up from 986:1 in FY 2024. The staffing for FY 2025 remained largely consistent with FY 2024 levels, while the membership total increased by 1.5%. Because of the large staffing increase over the last few years, the resulting member-to-staff ratio has been slightly above the 1,000:1 targeted level over this time.

For FY 2024, 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 more staffed for some benefit administration activities, there are also activities that PERS is lower staffed. When compared to its peer average, PERS was more heavily staffed per 10,000 members.

Please see the full *2025 Annual Performance Progress Report in the Special Reports Section of this document for more information.*

Program Prioritization for 2027-29

PROGRAM PRIORITIZATION FOR 2027-29

Public Employees Retirement System

2027-29 Biennium **Agency Number: 45900**

PERS-All Programs

Program/Division Priorities for 2027-29 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		12,751,642,137	$ 12,751,642,137			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		1,792,579,971	$ 1,792,579,971			N	C	Article 1	No Changes to CSL -
1	1	PERS	OPSRP-DB	Pension Program	KPM #1, 2, 3, 4, 6, 7 & 8	4		438,069,939	$ 438,069,939			N	C	Article 1	No Changes to CSL -
			OPSRP-IAP	Third Party Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4		6,948,976	$ 6,948,976			N	S	ORS 238 A	No Changes to CSL -
			Admin	Central Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4	20,018,454		$ 20,018,454	50	50.00	Y	S	ORS 237,238, & 238A	No Changes to CSL -
			FSD	Financial Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	30,325,376		$ 30,325,376	35	35.00	Y	S	ORS 237,238, & 238A	No Changes to CSL -
			ISD	Information Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	44,546,562		$ 44,546,562	77	76.52	Y	S	ORS 237,238, & 238A	Policy Pkg. 107, 108
			OD	Operations Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	62,777,180		$ 62,777,180	207	206.76	Y	S	ORS 237,238, & 238A	Policy Pkg 110,112
			CARD	Compliance, Audit and Risk Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	15,598,881		$ 15,598,881	29	28.76	Y	S	ORS 237,238, & 238A	Policy Pkg 106,109
							173,266,453	14,989,241,023	$ 15,162,507,476	398	397.04				

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."

PROGRAM PRIORITIZATION FOR 2027-29

Public Employees Retirement System
2027-29 Biennium **Agency Number: 45900**
PERS Retiree Health Insurance Program

Program/Division Priorities for 2027-29 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		54,281,717	$ 54,281,717				N	S	ORS 238.420	No Changes to CSL -
2	2	PERS	RHIPA	Retirement Health Insurance Premium Account	KPM # 2, 3, 6 & 8	4		4,799,455	$ 4,799,455				N	S	ORS 238.415	No Changes to CSL -
2	2	PERS	SRHIA	Standard Retiree Health Insurance Account	KPM # 2, 3, 6 & 8	4		85,518,726	$ 85,518,726				N	S	ORS 238.410	No Changes to CSL -
			Admin	Third Party Administration	KPM # 2, 3, 6 & 8	4		8,050,246	$ 8,050,246				N	S	ORS 237,238, & 238A	No Changes to CSL -
			OD	Operations Division	KPM # 2, 3, 6 & 8	4	1,542,455		$ 1,542,455	4	4.00		Y	S	ORS 237,238, & 238A	No Changes to CSL -
									$ -							
									$ -							
							1,542,455	152,650,144	$ 154,192,599	4	4.00					

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

Budget Narrative

PROGRAM PRIORITIZATION FOR 2027-29

Public Employees Retirement System
2027-29 Biennium Agency Number: 45900
PERS Retiree Health Insurance Program

Program/Division Priorities for 2027-29 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		54,281,717	$ 54,281,717				N	S	ORS 238.420	No Changes to CSL -
2	2	PERS	RHIPA	Retirement Health Insurance Premium Account	KPM # 2, 3, 6 & 8	4		4,799,455	$ 4,799,455				N	S	ORS 238.415	No Changes to CSL -
2	2	PERS	SRHIA	Standard Retiree Health Insurance Account	KPM # 2, 3, 6 & 8	4		85,518,726	$ 85,518,726				N	S	ORS 238.410	No Changes to CSL -
			Admin	Third Party Administration	KPM # 2, 3, 6 & 8	4		8,050,246	$ 8,050,246				N	S	ORS 237,238, & 238A	No Changes to CSL -
			OD	Operations Division	KPM # 2, 3, 6 & 8	4	1,542,455		$ 1,542,455	4	4.00		Y	S	ORS 237,238, & 238A	No Changes to CSL -
									$ -							
									$ -							
							1,542,455	152,650,144	$ 154,192,599	4	4.00					

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:

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."

PROGRAM PRIORITIZATION FOR 2027-29

Public Employees Retirement System
2027-29 Biennium **Agency Number: 45900**
Deferred Compensation Program

Program/Division Priorities for 2027-29 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**
			OD	Operations Division	KPM # 2, 3, 5, 6 & 8	4	5,120,581	$ 5,120,581	7	7.00	Y		ORS 243.401 - 243.507	No Changes to CSL -
								$ -						
								$ -						
								$ -						
								$ -						
								$ -						
								$ -						
							5,120,581	$ 5,120,581	7	7.00				

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.

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

PROGRAM PRIORITIZATION FOR 2027-29

Public Employees Retirement System
2027-29 Biennium Agency Number: 45900
Social Security Coverage Program

Program/Division Priorities for 2027-29 Biennium

1	2	3	4	5	6	7	10	13	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-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	Comments on Proposed Changes to CSL included in Agency Request
Agcy	Prgm/ Div															
4	4	PERS	OD	Operations Division	KPM # 2, 3, 6 & 8	4	939,703		$ 939,703	1	1.00	N	Y	FM	Fed Reg Title 20, 404.1204	No Changes to CSL -
									$ -							
									$ -							
									$ -							
									$ -							
									$ -							
									$ -							
							######	#	$ 939,703	1	1.00					

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 establised 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.

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

PROGRAM PRIORITIZATION FOR 2027-29

Public Employees Retirement System

2027-29 Biennium Agency Number: 45900

Program/Division Priorities for 2027-29 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		All Programs	KPM #1, 2, 3, 4, 6, 7 & 8	4	173,266,453	14,989,241,023	$ 15,162,507,476	398	397.04	Y	C	Article 1	Policy Pkg. 110
2	2	PERS		PERS Retiree Health Insurance Program	KPM # 2, 3, 6 & 8	4	1,542,455	152,650,144	$ 154,192,599	4	4.00	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	5,120,581		$ 5,120,581	7	7.00	Y	S	ORS 243.401 - 243.507	No Changes to CSL -
4	4	PERS		Social Security Coverage Program	KPM # 2, 3, 6 & 8	4	939,703		$ 939,703	1	1.00	Y	FM	Fed Reg Title 20, 404.1204	No Changes to CSL -
															No Changes to CSL -
									$ -						
									$ -						
									$ -						
							180,869,192	15,141,891,167	$ 15,322,760,359	410	409.04				

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

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.

10% Reduction Options (ORS 291.216)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
1. Remove Capital Outlay for telecom upgrades	Delays investment and upgrades to telecom equipment, hardware and software.	$612,841 Other Funds	Eliminates capital purchases for Telecomm equipment deferring to later biennium.
2. Reduce Facilities Maintenance	Reduces maintenance items and outside facilities contracts that handle maintenance	$497,554 Other Funds	Reduces number of times a contract company would provide building services e.g. janitorial, shredding, landscaping
3. Reduce AG fees	Limits legal sufficiency review to contracts over $150,000 (per OAR 137-045-0030 requirements) and decreases litigation support.	$872,710 Other Funds	Decreased legal sufficiency review and DOJ litigation support will increase risk to the Agency. Resulting in reduced Customer Service (KPM #6), and KPM #8 (meeting 100% of Board Best Practice).
4. Reduce IT contracting budget and professional services.	Reduces IT contracting budget and professional services for agency projects.	$655,611 Other Funds	Decreases the Agency's timeliness and efficiency in implementing IT modifications for legislative changes or process improvements, increasing Total Benefit Admin. Costs (KPM #2), and achievement of KPM #8 - Board Best Practices.
5. Reduce IT systems and equipment upgrades	Reduces system modifications / upgrades, scheduled replacement of IT hardware, software and ancillary equipment.	$1,372,225 Other Funds	Increases risk of failed network and desktop equipment, and service delays, reducing the Agency's ability to achieve KPM #6 – Customer Service.

BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
6. Reduce outside Professional Services contracts	Reduces contracting budget and professional services for Agency projects.	$1,332,249 Other Funds	Decreases the Agency's timeliness and efficiency in implementing modifications to legislative changes or process improvements, increasing Total Benefit Admin. Costs (KPM #2), and reducing achievement of KPM #8 - Board Best Practices.,
7. Reduce other services related to collections	Reduces contract costs associated with collecting receivables	$363,964 Other Funds	Decreases contract costs and banking fees associated with receivables reducing revenue.
8. Reduce office supplies (S&S)	Reduces office supplies support to all divisions and sections.	$1,005,573 Other Funds	Challenges the Agency's ability to meet customers and business needs, hindering the Agency's ability to achieve KPM #6 - Customer Service.
9. Reduce expert witness and Independent Medical Exam (IME) support	Reduces professional services expert witness and IME contract budget for disability claim review / determination.	$24,900 Other Funds	Agency would 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 training and travel agency wide	Reduces training and travel programs for all staff.	$807,892 Other Funds	Reduces consistent and up-to-date training, increasing the risk of inconsistent agency processes. Impedes progress on KPM #8 - Board Best Practices.
11. Removes the use of employee overtime, and all other pay differentials	Eliminates the use of any overtime or pay differentials to accomplish related work programs within or above set pay ranges.	$1,026,067 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business, reducing the Agency's ability to achieve KPM #6 - Customer Service.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
12. Reduce IT Expendable Property	Increases the laptop and computer renewal time for employees.	$439,935 Other Funds	Increased risk occurs when employees use slower machines, potentially leading to longer task completion times
13. Reduce Agency Publications	Reduces communications with employers and members	$127,819 Other Funds	Limits the number and channel of communications provided by the agency to employers and members reducing KPM #6 -Customer Service.
	5% Reductions		
14. Reduce Public Affairs Specialist	Eliminates 1 position responsible for communication and production. (1 position - 1.00 FTE)	$437,234 Other Funds	Increases time needed to complete work, response time to customers, slowing progress on KPM #8 – Board Best Practices.
15. Eliminate Directors office support	Eliminates 1 position providing executive support to Director's office. (1 position – 1.00 FTE)	$246,905 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business, reducing 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)	$244,228 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business, reducing the Agency's ability to achieve KPM #6 – Customer Service.
17. Reduce fiscal services program support	Eliminates 1 accounting position supporting general ledger transactions, journal entries (1 positions – 1.00 FTE)	$354,417 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, slowing progress on KPM #8 - Board Best Practices.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
18. Reduce tax accounting program support	Eliminates 1 tax accounting position supporting transactions for tax and journal entries for jClarety activity. (1 positions-1.00 FTE)	$301,075 Other Funds	Reduces tax processing capabilities, affecting progress on KPM #8 - Board Best Practices
19. Reduce Benefit Processing support position	Eliminates 1 Operation and Policy Analyst 2 position supporting benefit process and analysis. (1 Position- 1.00 FTE)	$354,417 Other Funds	Increase workload on other OPA2 or OPA1. Increases risk of application support and development, KPM #7 - Timely Benefit Estimates.
20. Reduce Benefit Process support position	Eliminates 1 Retirement Counselor 1 position and 1 administrative support position 2 Positions – 2.00 FTE)	$503,497 Other Funds	Reduce Benefit support and adds more workload to other employees in the section, KPM #7 - Timely Benefit Estimates.
21. Reduce IAP Calculation staff	Eliminates 2 positions supporting IAP application and benefit processing. (2 positions – 2.00 FTE)	$502,314 Other Funds	Increase risk of application support and development. slows the Agency's ability to achieve KPM #1 - Timely Retirement Payments, KPM #6 - Customer Service, and KPM #7 - Timely Benefit Estimates.
22. Reduce Call agent support	Eliminates 1 call agent position within the call center. (1 position - 1.00 FTE)	$266,311 Other Funds	Increased wait time for call center. KPM #6 - Customer Service

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
23. Reduce technical support for DevOps	Eliminates 1 position providing technical operations and planning. (1 position – 1.00 FTE)	$428,343 Other Funds	Increases time needed for data processing and customer response time, reducing the Agency's ability to achieve KPM #1 - Timely Retirement Payments, KPM #6 - Customer Service, and KPM #7 - Timely Benefit Estimates.
24. Reduce technical support within Business Systems Analysis section	Eliminates 1 position providing technical support for information services (1 position – 1.00 FTE)	$368,342 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business, reducing the Agency's ability to achieve KPM #6 - Customer Service.
25. Reduce Retirement Counselor business operation support in Member Services	Eliminates 2 RC1 positions responsible for business operation support. (2 positions-2.00 FTE)	$729,691 Other Funds	Increase workload on RC2s and increase response time to the Agency's customers and business, affecting the Agency's ability to achieve KPM #1 - Timely Retirement Payments, and KPM #6 - Customer Service.
26. Reduces Deferred Compensation Program support in Salem office	Eliminates 2 program support positions (2 positions – 2.00 FTE)	$545,431 Other Funds	Increase time needed to complete work and response time to the Agency's customers - risks limiting the Deferred Compensation Program's growth. Impedes efforts to achieve KPM #5 - Increase participation to 38%, as well as KPM #6 - Customer Service.
27. Reduce employer support- Employer Service Center	Eliminates 1 office specialist position supporting Business Operations supervisor. (1 position – 1.00 FTE)	$228,328 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, slowing progress on KPM #8 - Board Best Practices.

Budget Narrative

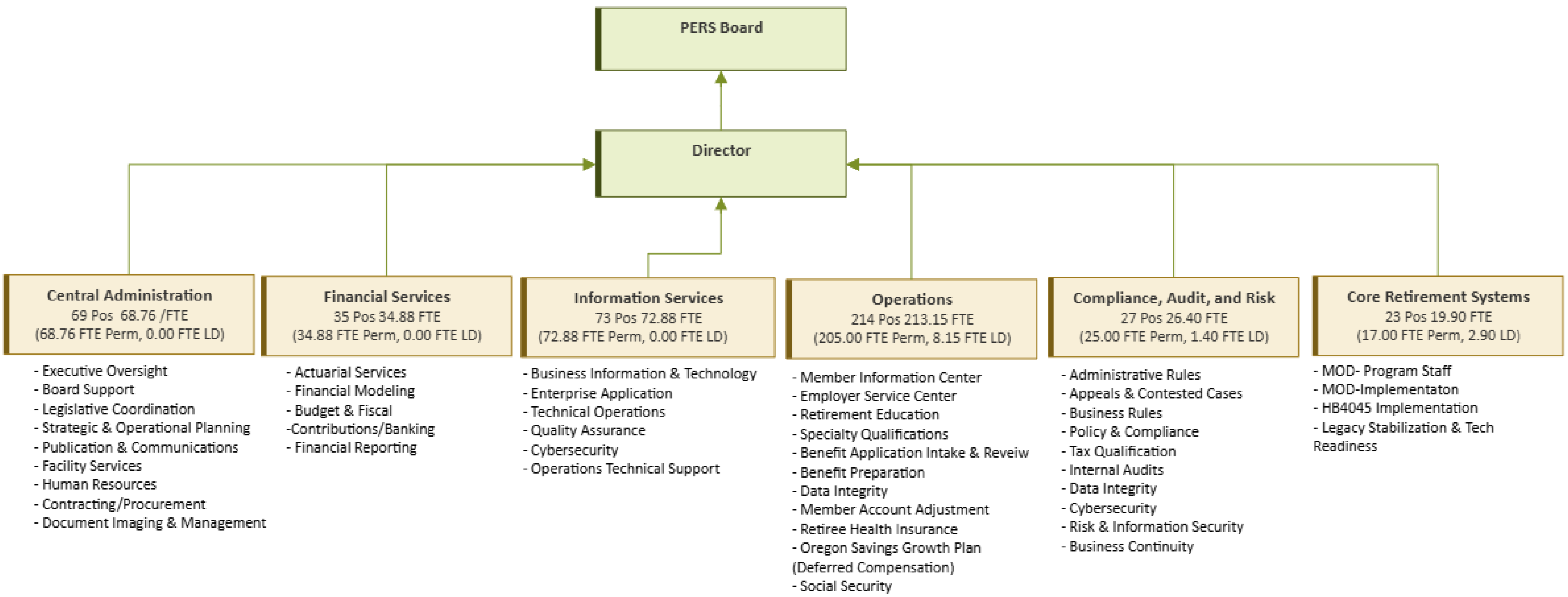
Activity or Program	Describe Reduction	Amount and Fund Type	Rank and Justification
28. Reduce employer support- Data Integrity Group	Eliminates 1 office specialist position supporting Business Operations supervisor. (1 position – 1.00 FTE)	$190,345 Other Funds	Increases time needed to complete work, response time to customers and audit risks, affects progress on KPM #8 – Board Best Practices.
29. Reduces Operation & Policy Analyst support in Project Management	Eliminates 1 OPA3 position reviewing business operations and project management data. (1 positions – 1.00 FTE)	$418,815 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business, affecting the Agency's ability to achieve KPM #6 - Customer Service.
30. Reduce administrative program support for benefit estimates	Eliminates 1 position supporting benefit estimates. (1 position – 1.00 FTE)	$220,330 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business, affecting the Agency's ability to achieve KPM #6 - Customer Service.
31. Reduce IT Staff technical support	Eliminates 1 ISS8 position providing technical support. (1 position – 1.00 FTE)	$444,435 Other Funds	Increase time needed for work completion and response time to the Agency's customers and business, affecting the Agency's ability to achieve KPM #8 - Board Best Practices.
32. Reduce IT application and software engineering program support	Eliminates 2 positions in IT application and engineering program support. (2 positions – 2.00 FTE)	$856,686 Other Funds	Eliminates application support resources- prevents efforts to reduce agency costs in support of KPM #2 - Total Benefit Admin. Costs, and KPM #8 - Board Best Practices.
33. Reduce legal compliance program support	Eliminates 1 position providing compliance coordination program support. (1 position – 1.00 FTE)	$277,591 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, slowing progress on KPM #8 - Board Best Practices.

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
34. Reduce Project Management Support to the Modernization Program	Eliminates 2 Operations and Policy Analyst 3 positions focused on project management. (2 positions – 2.00 FTE)	$724,575 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business, affecting the Agency's ability to achieve KPM #6 - Customer Service.
Totals	29 Positions (29.00 FTE)	$18,184,417 Other Funds	

7% of 423 CSL Positions	10.00% of $181,119,029 CSL

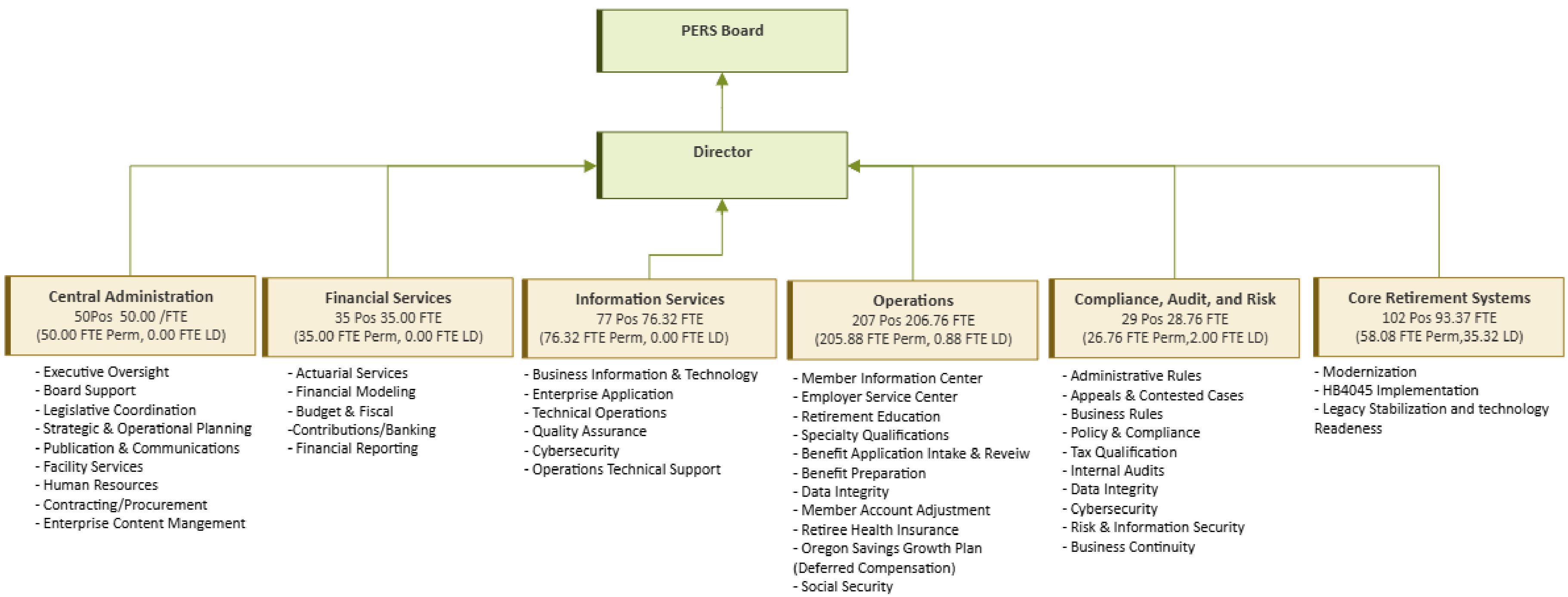
2025–27 Organization Chart

Public Employees Retirement System
2025-27 Legislatively Approved Budget
441 Positions
435.97 FTE



2027–29 Organization Chart

Public Employees Retirement System
2027-29 Agency Request Budget
500 Positions
490.41 FTE



Revenues

Revenue Forecast Discussion

PERS provides administrative support to several 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 2027–29 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. Revenue below are actuals for fiscal 2025.

Category	Amount received	Percentage of revenue
Charges for agency services	$15,179	0.0001%
Investment income	$9,579,203,634	69.57%
PERS contributions	$4,153,629,126	30.17%
Insurance premiums	$29,983,000	0.22%
Other revenue	$6,567,700	0.05%
Total Fiscal 2025	**$13,769,398,639**	**100%**

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% 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 2025 are based on the December 31, 2023, actuarial valuation. Advisory employer contribution rates effective July 2027 are based on December 31, 2024 actuarial valuation. Final employer contribution rates effective July 2027 will be based on the December 31, 2025, actuarial valuation and will be reviewed for adoption at the September 25, 2026, board meeting. Effective July 1, 2020, SB 1049 (2019) redirected a portion of member IAP contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than $2,500. HB 2906 in the 2021 session changed the monthly salary threshold to $3,333 per month (indexed to CPI each January 1). The salary threshold for 2026 is $3,890 per month.

Employer Rates

Employer rates, as a percent of PERS-covered salary, effective July 1, 2025, and 2027 are:

PERS Chapter 238 Program	**7/1/2025***	**7/1/2027**
State Agencies	20.69%	21.22%
State and Local Government Rate Pool	29.15%	20.83%
School Districts Pool	29.70%	15.41%
Political Subdivisions (non-pooled)	29.71%	25.95%
Judiciary	24.89%	29.01%
OPSRP Chapter 238A Program		
General Service Pool (all employers)	9.63%	10.93%
Police and Fire Pool (all employers)	13.99%	15.72%

*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)

The revenues for the administration of the Benefit Equalization Fund (BEF) 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 $325 per month per participant (retirees receiving benefits in excess of IRS limits) and a one-time initial setup fee of $900 per participant. A total of $700,571 Other Funds Limited is projected for the 2027-29 biennium.

Social Security Program

Employers of the Social Security Program are charged an annual administration fee of $0.96 per employee or $15 minimum, whichever is higher. ORS 237.420 allows PERS to set a rate to cover the costs of administering the Social Security Program. A total of $755,076 Other Funds Limited is projected for the 2027-29 biennium.

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 health-care 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 Delta Dental of Oregon on a Minimum Premium Funding arrangement (risk-sharing plan). Stop-loss and other administrative fees are included in the total premium remitted to Delta Dental of Oregon, all other contracted health plans are conventionally funded.

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 0.085% percent (.00085) of participant assets held in the trust. 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 monies in the fund may be used solely for the purposes of implementing and administering the Deferred Compensation Program.

Projected revenue for the Deferred Compensation Program in the 2027–29 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 compared to the State Deferred Compensation Program. The total projected revenue is $5,678,142 in the 2027–29 biennium.

Basis for 2027–29 Revenue Estimates

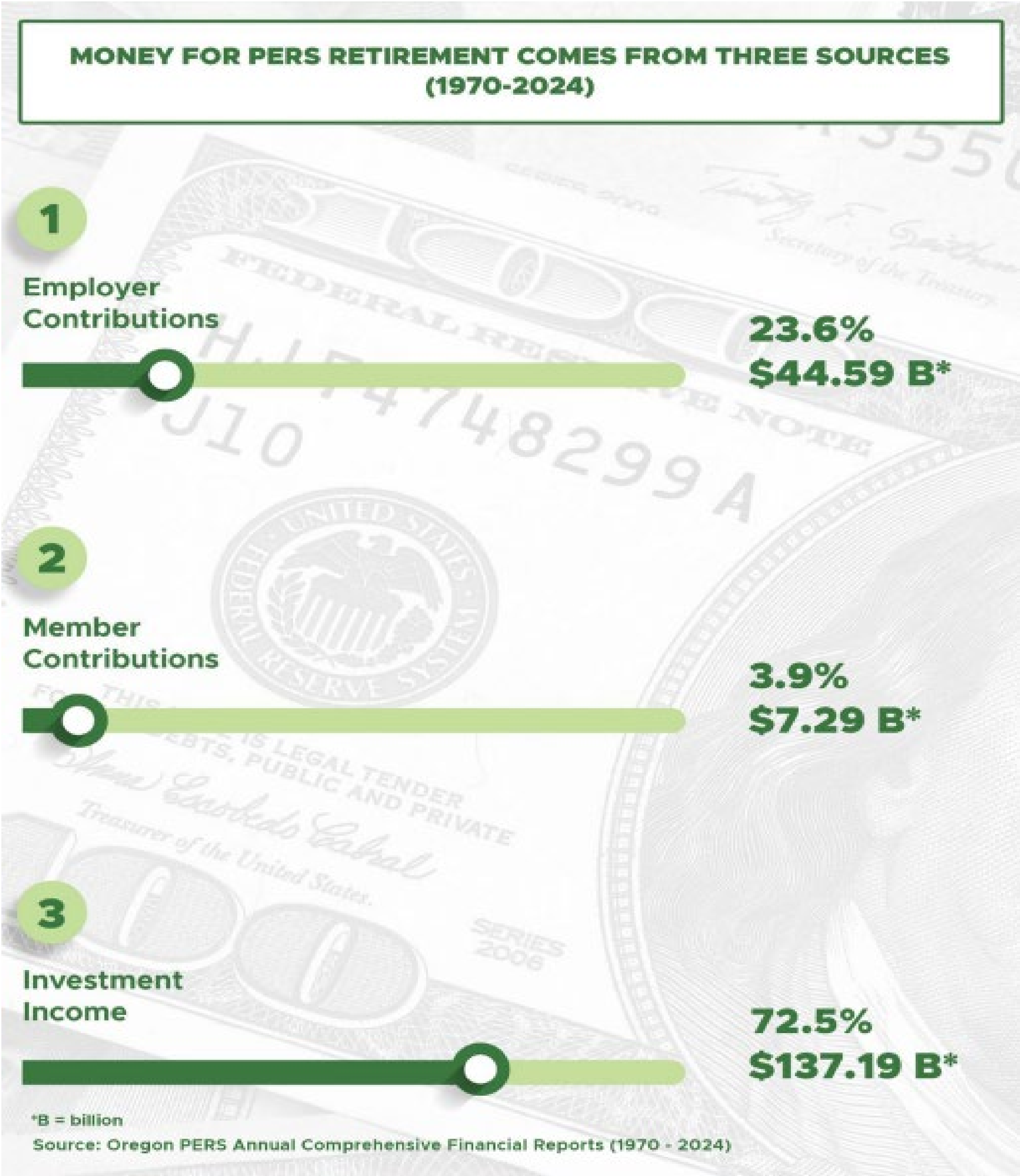
Projected investment income is based on taking into consideration several factors: capital markets modeling, prolonged periods of economic growth, and the actuarial-assumed future earnings rate of 6.90 percent annually. Using trend analysis of employer and employee contributions and separately analyzing employer prepayments funding the unfunded actuarial liability (UAL), PERS projected future total contributions based on a systemwide 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.

Public Employees Retirement System Revenues by Source

Public Employees Retirement System revenues by source ($ in millions)				
Fiscal year	Member contributions and insurance premiums	Employer contributions *	Net investment income or (loss) and other income	Total
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	7,074.2	9,298.3
2019	742.4	1,783.8	4,615.7	7,141.9
2020	751.8	2,316.6	1,176.9	4,245.3
2021	769.1	2,176.1	21,741.7	24,686.9
2022	985.9	4,040.9	209.9	5,236.6
2023	1,074.5	2,403.9	3,730.6	7,209.0
2024	1,137.2	2,525.5	6,290.7	9,933.9
2025	1,129.2	2,928.9	8,310.3	12,478.5

* Employer contributions include employer prepayments of unfunded liabilities.

Source of information: Oregon Public Employees Retirement System, an agency of the state of Oregon, *Annual Comprehensive Financial Report* for the Fiscal Year Ended June 30, 2025.


MONEY FOR PERS RETIREMENT COMES FROM THREE SOURCES
(1970-2024)
1
Employer Contributions
23.6%
$44.59 B*
2
Member Contributions
3.9%
$7.29 B*
3
Investment Income
72.5%
$137.19 B*
*B = billion
Source: Oregon PERS Annual Comprehensive Financial Reports (1970 - 2024)

Other Revenue

ORS 238.465(9) charges both the member and the alternate payee an administrative expense in an amount not more than $1,300 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 $340,089 Other Funds Limited and $128,221 Other Funds Non-Limited in the 2027-29 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 $1,782 Other Funds Limited in benefit estimate service charges in the 2027–29 biennium.

PERS collects fees for various other services provided. PERS estimates a total of $5,364 Other Funds Limited in the 2027–2029 biennium based on historical trend analysis.

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.

Other revenue also consists of prior period reductions of expense, surplus sales, MICR errors, total of checks that have been outstanding for over two years and are no longer negotiable, prior-period adjustments and other revenue. PERS projects revenue from these sources of $17,955 Other Funds Limited in the 2027-29 biennium.

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

Source	Fund	ORBITS Revenue acct	2023-25 Actual	2025-27 Legislatively adopted	2025-27* Estimated	2027–2029 Agency request	2027–2029 Governor's recommend	2027–2029 Legislatively adopted
Limited Other Funds:								
Charges for services	Limited Other	Charges for services	6,751,457	6,203,474	5,668,078	6,754,850		
Interest and investment earnings	Limited Other	Interest income	8,518,006	29,150	234,302	388,312		
Other	Limited Other	Other revenues	-167,339,012	50,000	26,699	17,955		
Non-limited Other Funds:								
Charges for services	Non-limited Other	Charges for services	61,564	56,812,158	56,804,042	70,072,064		
Interest and investment earnings	Non-limited Other	Interest income	12,623,868,332	10,390,566,964	9,443,039,040	14,867,177,314		
Donations and contributions	Non-limited Other	Retirement system contribution	7,608,077,363	7,983,875,762	7,125,087,330	10,901,488,099		
Other	Non-limited Other	Other revenues	7,495,035	0	11,025	0		

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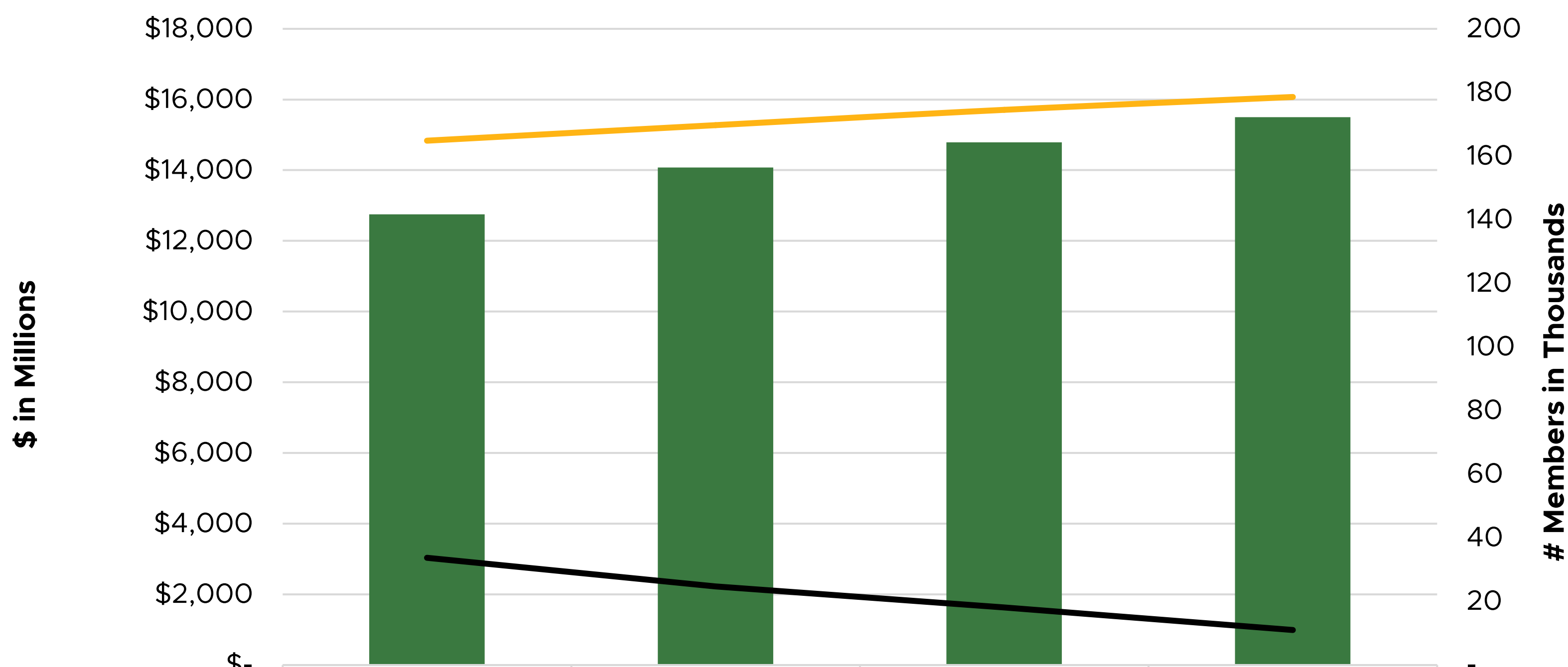
* All 2025-27 estimated revenue amounts were calculated using unaudited 2026 fiscal-year experience through March to arrive at the estimate for the biennium.

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



	2027-29 ARB	2029-31	2031-33	2033-35
Other Funds (NL)	12,751,642,137	14,072,097,295	14,787,569,469	15,496,327,495
T1/T2 Retired	164,839.43	169,719.20	174,533.62	178,575.39
T1/T2 Act./Inact.	33,714	24,677	18,073	11,018

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 $12,751,642,137 Non-limited Other Funds expenditure authority in 2027-29 for the anticipated Tier One and Tier Two Program benefit payments. Estimated Non-limited Other Funds needed for anticipated benefit payments through 2035 are:

Biennium	*Estimated benefit payments*
2027–29	$12,751,642,137
2029–31	$14,072,097,295
2031–33	$14,787,569,469
2033-35	$15,496,327,495

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 46,123 active and inactive (non-retired) members and approximately 155,544 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, and 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 continue into the next decade as these members age into retirement. As of June 30, 2025, more than 27,500 Tier One and Tier Two members are eligible to retire based on age or years of service.

Budget Narrative

Since OPSRP was created in August 2003, membership in the program has grown to over 77% 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 initially emerged when the PERS Fund lost 27% of its value during the 2008 recession. The impact of that loss, as reflected in the system valuation as of December 31, 2025, is a UAL of $26.6 billion (excluding pre-paid employer contributions deposited in side accounts).

The cost shift to OPSRP will not be fully realized until membership and associated liabilities with of the Tier One and Tier Two Program are 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 their closures, 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. These 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 2025 economic impact study of PERS shows that in 2024 the $4.88 billion in annual benefit payments to Oregonians multiplied to $5.5 billion in economic value when the financial impact of dollars spent in local communities is considered. The benefit payments sustain an estimated 32,000 Oregon jobs and add approximately $1.60 billion in wages. Additionally, Oregon collected an estimated $302 million in income taxes on PERS retiree benefits in 2024.

Program Performance

Fiscal year	Total active/inactive members	Total retired members	Tier One/Tier Two Program expenditures (non-limited)	Fund balance
2016	96,988	135,775	$4,247,029,515	$62,082,059,102
2017	85,912	141,884	$4,405,790,663	$66,371,703,247
2018	84,202	145,863	$4,694,345,457	$69,327,500,445
2019	78,043	143,744	$4,819,792,761	$70,203,720,619
2020	71,681	153,622	$5,116,869,822	$68,319,296,993
2021	65,914	148,189	$5,308,155,980	$84,158,144,898
2022	60,176	150,096	$5,541,804,682	$83,769,522,854
2023	55,146	163,537	$5,746,458,300	$83,487,618,066
2024	46,111	156,830	$5,986,059,260	$85,099,473,550
2025	43,242	155,425	$6,189,521,532	$88,622,013,732

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* show 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 last several 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.

Budget Narrative

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 monies in the PERF are continuously appropriated to the PERS 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 2025–2027

Requested Non-limited–Other Funds decreased by $480,781,615 from the 2025-27 budget of $13,232,423,752 and reflect the Agency's 2027-29 anticipated benefit payment requirements for Tier One and Tier Two benefit recipients.

Budget Narrative

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 2025-27 biennium.

Tier One and Tier Two Non-limited Other Funds	2023–25 Actual expenditures	2025–27 Legislatively approved budget	2027–29 Agency request budget
Professional services			
Agency program-related Supplies & Services	6,264,261	1,167,138	15,884,952
Distribution to individuals	11,776,998,141	13,231,256,614	12,735,757,185
Total expenditures	11,783,262,402	13,232,423,752	12.751,642,137

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

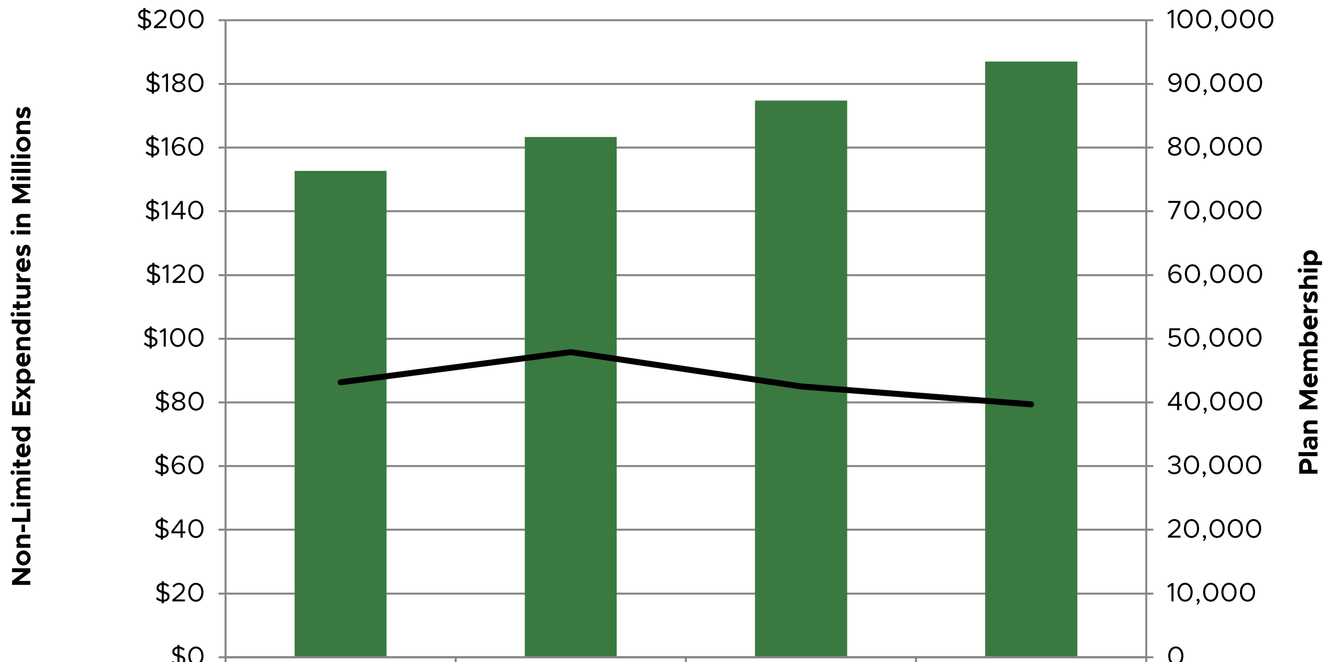
Source	Fund	ORBITS Revenue acct	2023–25 Actuals	2025-27 Legislatively approved	2025-27* Estimated revenue	2027-29 Agency request	2027-29 Governor's recommended	2027-29 Legislatively adopted
Non-limited Other Funds:								
Charges for services	Non-limited Other	Charges for services	302	2,608	1,395	1,782		
Interest and investment earnings	Non-limited Other	Interest income	8,796,976,865	7,693,648,975	8,494,541,062	10,207,695,507		
Donations and contributions	Non-limited Other	Retirement system contribution	2,896,011,167	3,376,137,893	3,952,181,505	4,716,026,193		
Other	Non-limited Other	Other revenues	4,950,552		6,204,139,198	0		

2025-27 107BF07

* All 2025-27 estimated revenue amounts were calculated using unaudited 2026 fiscal-year experience through March to arrive at the estimate for the biennium.

Retirement Health Insurance Programs Executive Summary

Primary outcome area:	Improving Government
Secondary outcome area:	(None)
Program contact:	Kevin Olineck, 503-603-7695



	2027-29 ARB	2029-31	2031-33	2033-35
Other Funds (NL)	$152,650,144	$163,335,654	$174,769,150	$187,002,990
Health Insurance Membership	43,144	47,898	42,528	39,697

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 46,279 health-plan retired 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 $152,650,144 Non-Limited–Other Funds expenditure authority in 2027-29 for the anticipated health insurance program expenditures. Estimated Non-Limited–Other Funds needed for anticipated benefit payments through 2035 are:

Biennium	*Estimated benefit payments*
2027–29	$152,650,144
2029–31	$163,335,654
2031–33	$174,769,150
2033-35	$187,002,990

Performance Achievement:

Requested Other Funds–Non-limited support the program mission and purpose to provide comprehensive medical and dental insurance plan options 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 were 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 are 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.

Program Justification

Despite inflationary trends and the pressures associated with lower Centers for Medicare and Medicaid Services (CMS) medical reimbursements and higher health-care-reform taxes and fees, for the 2024 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)
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
2019	58,113	44,368	842	$132,951,222	$765,258,459
2020	57,401	43,827	794	$60,715,407	$763,997,275
2021	56,101	42,948	836	$65,465,476	$931,114,091
2022	51,708	41,718	607	$71,551,556	$907,505,013
2023	50,103	40,703	529	$68,532,417	$909,475,206
2024	48,323	37,076	355	$67,932,812	$924,641,561
2025	46,279	35,579	295	$73,685,686	$950,420,132

PHIP is a voluntary insurance plan where an eligible member pays their own premiums (less the small subsidies from RHIA and RHIPA 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 because 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.
  - RHIPA — 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.

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 RHIA is established within the PERF 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 monies in the account are continuously appropriated to the PERS 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 revenue for the SRHIA program, over $30 million per year, comes from member-paid insurance premiums, with additional revenues provided from federal sources like the 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 PERF.

Significant Proposed Program Changes from 2025-27

Requested Other Funds–Non-limited represent increased of $20,791,859 from the 2025-27 budget of $131,858,285 and reflects the agency's 2027-29 anticipated premium payment requirements for eligible Tier One, Tier Two, and OPSRP benefit recipients.

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 currently covers about 53,000 health-plan members. The 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. 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 or Tier Two member pays most, if not all, of their own premiums for the plan of their choice. OPSRP members pay all 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 2025 actuals through March.

Retirement health insurance programs Non-Limited–Other Funds	2023-25 actual expenditures	2025-27 Legislatively approved budget	2025-27 Estimates	2027-29 Agency request budget
Professional services — Health insurance administration	9,661,712	11,185,476	9,931,960	10,121,330
Distribution to non-gov units premium payments	125,826,141	120,672,809	137,167,464	142,528,814
Total expenditures	135,879,243	131,858,285	147,099,424	152,650,144

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

Source	Fund	ORBITS Revenue acct	2023-25 Actuals	2025-27 Legislatively approved	2025-27* Estimated revenue	2027-29 Agency request	2027-29 Governor's recommended	2027-29 Legislatively adopted
Non-limited Other Funds:								
Charges for services	Non-limited Other	Charges for services	58,927,127	56,705,974	72,755,991	69,942,060		
Interest and investment earnings	Non-limited Other	Interest income	94,242,367	96,067,145	121,378,457	110,174,235		
Donations and contributions	Non-limited Other	Retirement system contribution	1,444,577	23,833,619	156,358	318,150		
Other	Non-limited Other	Other revenues	350,406	0	0	0		

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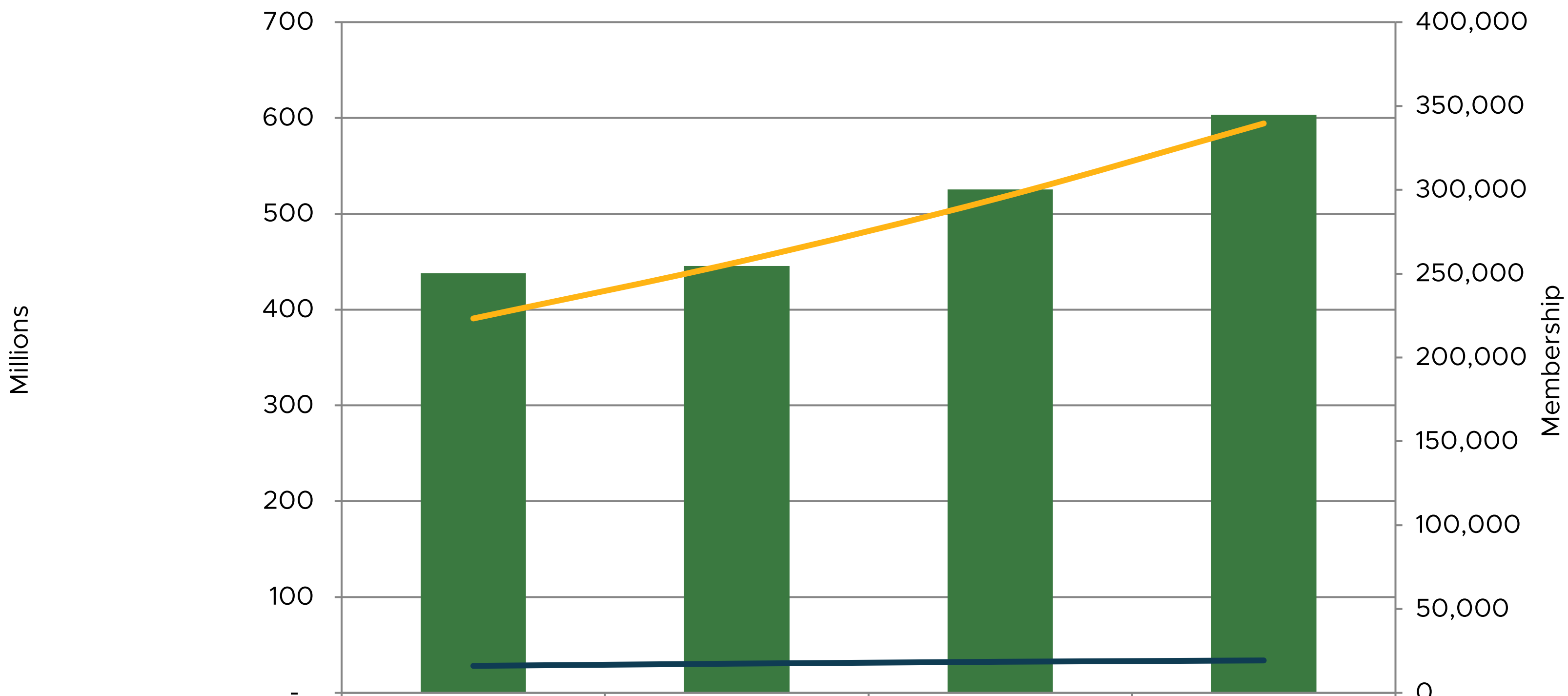
*All 2025-27 estimated revenue amounts were calculated using unaudited 2026 fiscal-year experience through March to arrive at the estimate for the biennium.

Oregon Public Service Retirement Pension Program Executive Summary

Primary outcome area: Improving Government
Secondary outcome area: (None)
Program contact: Kevin Olineck, 503-603-7695



	2027-29-ARB	2029-31	2031-33	2033-35
Other Funds (NL)	438,069,939	445,517,736	525,429,818	603,221,059
OPSRP Membership	223,267	256,757	295,271	339,561
OPSRP Retired	16,108	17,400	18,477	19,339

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 $438,069,939 Non-limited–Other Funds expenditure authority in 2027-29 for anticipated OPSRP benefit payments. Estimated Non-limited–Other Funds needed for anticipated benefit payments through 2035 are:

Biennium	*Estimated payments*
2027-29	$438,069,939
2029-31	$445,517,736
2031-33	$525,429,818
2023-35	$603,221,059

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 Program 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). HB 4045, passed by the Legislature in 2024, lowers the normal retirement age for OPSRP Police and Fire members with less than 25 years of service credit from age 60 to age 55. For P&F members with 25 years or more of service credit, their retirement age will remain the same at age 53. This provision is effective for retirement dates on or after January 1, 2025.

The types of benefits paid through the OPSRP Pension Program include withdrawal, retirement, death, and disability benefits. This program now has over 223,267 active and inactive members. 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.

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. These 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
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
2019	152,712	5,642	$45,572,801	$5,569,134,357
2020	160,466	6,570	$56,765,555	$6,536,885,139
2021	162,568	7,877	$68,595,915	$9,272,901,346
2022	182,808	10,230	$88,927,141	$10,455,748,211
2023	198,649	11,959	$108,115,956	$11,796,780,025
2024	212,552	13,931	$132,183,458	$13,841,700,329
2025	223,267	16,108	$158,757,815	$16,471,222,537

The table above 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 Program as part of 2003 PERS reform.

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).

Budget Narrative

Funding Streams

This program is funded entirely from employer contributions and the return on investment of those contributions, which are held in the 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 monies in the PERF are continuously appropriated to the PERS 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 2025-27

Requested Non-limited–Other Funds represent an increase of $163,603,179 over the 2025-27 budget of $274,466,760 and reflect the agency's 2027-29 anticipated benefit payment requirements for OPSRP benefit recipients.

Oregon Public Service Retirement Plan 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, 2025, there were approximately 223,267 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 2027-29 expenditure estimates column were calculated using unaudited fiscal year 2026 actuals through March.

Oregon Public Service Retirement Pension Non-limited–Other Funds	2023-25 actual expenditures	2025-27 Legislatively approved budget	2025-27 Estimated expenditures	2027-29 Agency request budget
Agency program-related S and S–write-off of uncollectable receivables	65,638			
Distribution to individuals	267,858,360	274,466,760	360,060,211	438,069,939
Total expenditures	267,923,998	274,466,760	360,060,211	438,069,939

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

Source	Fund	ORBITS Revenue acct	2023-25 Actual	2025-27 Legislatively adopted	2025-27 Estimated revenue*	2027-29 Agency request	2027-29 Governor's recommended	2027-29 Legislatively adopted
Other Funds–Non-limited Funds:								
Charges for services–alt payee admin fee	Other Funds–Non-limited	Charges for services	9,819	5,316	9,047	10,357		
Interest and investment earnings	Other Funds–Non-limited	Interest income	1,711,657,520	1,225,738,266	2,335,751,171	2,419,513,093		
Donations and contributions	Other Funds–Non-limited	Retirement system contribution	3,137,272,313	3,110,547,314	3,689,346,971	4,287,929,894		
Other	Other Funds–Non-limited	Other revenues	0	0				

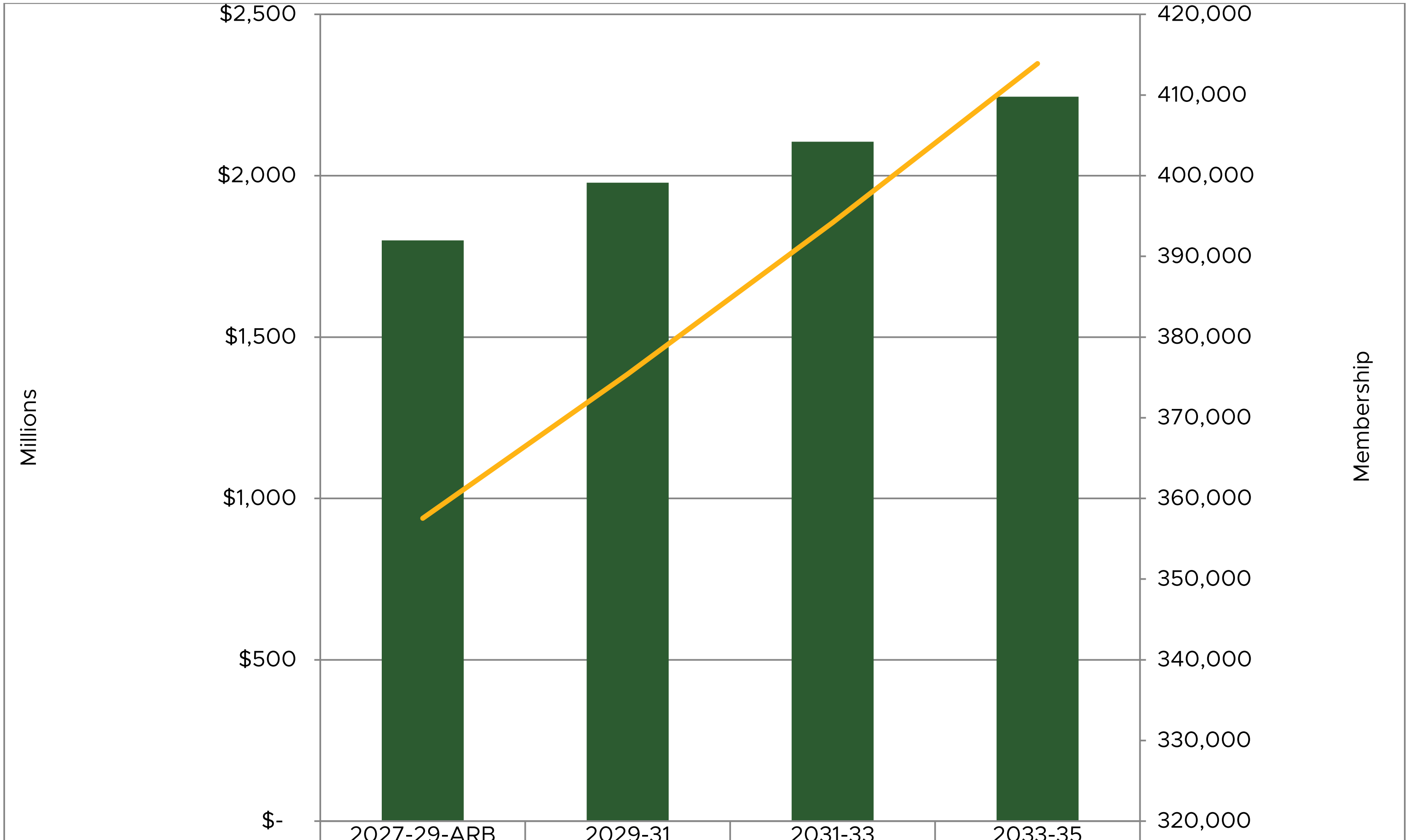
2027-29 107BF07

* All 2025-27 estimated revenue amounts were calculated using unaudited 2026 fiscal-year experience through March to arrive at the estimate for the biennium.

Budget Narrative

Individual Account Program Executive Summary

Primary outcome area: Improving Government
Secondary outcome area: (None)
Program contact: Kevin Olineck, 503-603-7695



	2027-29-ARB	2029-31	2031-33	2033-35
Other Funds (NL)	$1,799,528,947	$1,978,594,534	$2,105,324,479	$2,245,157,003
IAP Plan Membership	357,537	375,413	394,184	413,893

Budget Narrative

Executive Summary

The Individual Account Program (IAP) consists of two components: members in the Oregon Public Service Retirement Plan (OPSRP) Pension 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 $1,799,528,947 Non-limited–Other Funds expenditure authority in 2027-29 for anticipated IAP benefit payments. Estimated Non-limited–Other Funds needed for anticipated benefit payments through 2035 are:

Biennium	*Estimated payments*
2027–29	$1,799,528,947
2029–31	$1,978,594,534
2031–33	$2,105,324,479
2033-35	$2,245,157,003

Performance Achievement:

Requested Other Funds–Non-limited 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 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 6% 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 a 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.

Until January 2018, IAP assets were invested identically for every participant, independent of age or individual retirement horizon. That approach did not comport with industry best practice, which uses age as a proxy for risk tolerance and suggests investors' portfolios become increasingly conservative as retirement approaches. The Oregon Investment Council (OIC) chose an automatic risk-adjusting framework for the IAP, known as a target-date fund (TDF). In this framework, younger workers gain more exposure to higher-risk growth investments, such as stocks, while older workers increasingly give up that growth exposure in exchange for lower account-balance volatility as they near and enter retirement. In all 10 target-date funds were established.

Senate Bill 1049 instituted Member Choice for IAP participants, beginning January 2021. Annually, PERS will inform members of an "optional investment choice window" in which they can choose a target-date fund for their IAP investments different from the default fund based on their birth year. This allows members to choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age. For changes taking effect January 1, 2023, there were 459 members who chose to be invested in an IAP target-date fund different than their default age tranche. For changes taking effect January 1, 2024, there were 507 members.

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 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. These 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
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
2019	275,716	7,710	$503,027,830	$9,911,994,999
2020	285,293	8,210	$623,430,876	$10,242,385,753
2021	294,234	8,427	$590,727,685	$12,791,008,510
2022	311,849	13,868	$756,871,116	$12,445,685,673
2023	325,482	12,776	$676,017,670	$12,974,876,072
2024	328,994	16,684	$686,019,560	$13,963,133,779
2025	340,511	35,011	$794,178,223	$15,253,843,988

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 Program 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 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 following Oregon Revised Statutes and Administrative Rules govern the program:

- 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 Pension 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 Pension 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 monies in the PERF are continuously appropriated to the PERS 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 2025-27

Requested Other Funds–Non-limited represent an increase of $194,686,061 above the 2025-27 budget of $1,604,842,886 and reflects the agency's 2027-29 anticipated benefit payments or withdrawals for IAP benefit recipients.

Individual Account Program

Budget Overview

The 2003 Legislature created the OPSRP via passage of House Bill 2020 (2003). OPSRP is a hybrid retirement program with two components: the pension program and the 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, they receive 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 account.

This program includes OPSRP, Tier One, and Tier Two member contributions into the IAP, and 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.

This program unit is made up entirely of Other Funds–Non-limited.

Budget Narrative

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

		ORBITS	2023-25	2025-27	2025-27	2027-29		
Source	Fund	Revenue acct	Actual	Legislatively adopted	Estimated revenue*	Agency request	Governor's recommend	Legislatively adopted
Non-limited–Other Funds:								
Charges for services	Non-limited Other	Charges for services	51,443	101,260	102,947	117,864		
Interest and investment earnings	Non-limited Other	Interest income	2,020,991,580	1,375,112,578	2,022,364,816	2,129,794,479		
Donations and contributions	Non-limited Other	Retirement system contribution	1,573,349,306	1,473,356,936	1,679,725,942	1,897,213,863		
Other	Non-limited Other	Other revenues	2,191,077					

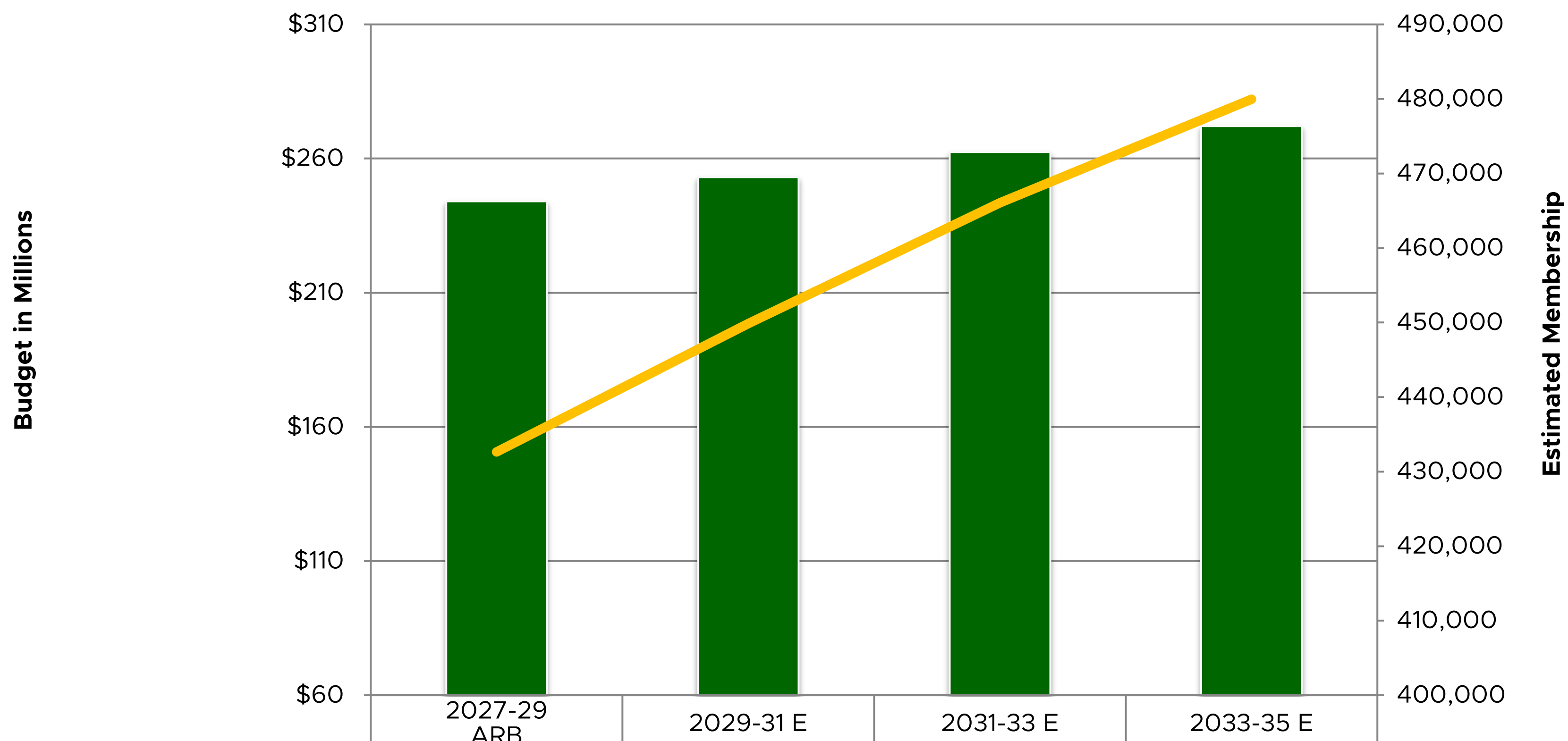
2027-29 107BF07

* All 2025-27 estimated revenue amounts were calculated using unaudited 2026 fiscal-year experience through March to arrive at the estimate for the biennium.

Budget Narrative

Operations Executive Summary

Primary outcome area:	Improving Government
Secondary outcome area:	(None)
Program contact:	Kevin Olineck, 503-603-7695



	2027-29 ARB	2029-31 E	2031-33 E	2033-35 E
Leg. Approved Budget	$244,034,563	$253,063,842	$262,427,204	$272,137,011
Total System Membership	432,639	449,855	466,060	479,961

Budget Narrative

Executive Summary

The operations program reflects the costs of the Public Employees Retirement System's 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 $244,034,563 Limited–Other Funds in 2027-29 for the agency's operating budget. Based on DAS/BAM-issued inflation assumptions and an on-going modernization program, the estimated Limited–Other Funds needed for PERS' operating budget through 2035 are:

Biennium	*Estimated Expenditures*
2027-29	$244,034,563
2029-31	$253,063,842
2031-33	$262,427,204
2033-35	$272,137,011

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 421,934 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 more than $5.7 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 number of staff remaining stable even though budget limitation has increased due to consistent legislative changes to the program. 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 (OPSRP Pension Program and IAP) and more recently SB 1049. 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 relatively flat and stable staffing plan.

Demands for the agency's services will continue to grow for the next several biennia as an ever-greater percentage of the public workforce passes into retirement age. The agency's approved 2025-27 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 43,000 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 headcount 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 2027-29 Agency Request 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. These 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.

Program Performance

Fiscal year	Total members served	Annual admin. Cost per member	Percent initial service retirements paid in 45 days	Member satisfaction rating — overall
2016	367,412	150	60%	92%
2017	368,694	155	79%	89%
2018	367,853	145	65%	91%
2019	374,499	144	77%	87%
2020	378,829	172	62%	89%
2021	384,982	190	45%	87%
2022	393,080	190	45%	87%
2023	405,373	214	61%	87%
2024	415,493	215	60%	88%
2025	421,934	218	63%	87%

Enabling Legislation/Program Authorization

Enabling legislation for PERS operations (administrative costs) are:

- Oregon Revised Statute (ORS) 237.500; 238.490, and 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 $104 billion PERS Fund (as of December 31, 2025), represent less than two basis points (0.02%). 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 2025-27

Requested Limited–Other Funds reflect an increase of $56,085,143 above the 2025–27 operating budget of $187,949,420. This increase is due to the Modernization Program request totaling $52,918,603 and includes 60 additional positions. This request will enable the agency to maintain current service delivery levels while enhancing performance measurements in process improvement, technology, and financial management.

Operations

Budget Overview

As previously stated, PERS administers several retirement-related programs for more than 900 public employers in Oregon, including all state agencies, all public school districts, and most 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 (OSGP)), and Social Security coverage.

PERS orders its divisions as follows: Central Administration, Financial Services Division (FSD), Information Services Division (ISD), Operations Division (OD), Compliance, Audit and Risk Division (CARD), and the Core Retirement Systems Applications Division (CRSA).

Budget Narrative

Base Budget Adjustments

The 2027-29 Other Funds limitation base budget increased by $47,109,994 due to salary adjustments, government service charges, and services and supplies increases related to Modernization project implementation. 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	Agency Request Budget
Central Administration	$26,862,999	($7,278,425)	19,584,574	$433,880	$20,018,454
Financial Services	$28,136,082	$2,189,294	$30,325,376	$0	$30,325,376
Information Services	$40,359,077	$926,769	$41,285,846	$3,260,716	$44,546,562
Operations	$62,160,196	$178,108	$62,338,304	$438,876	$62,777,181
Compliance, Audit, and Risk	$13,818,216	$354,890	$14,173,106	$1,425,775	$15,598,881
Core Retirement- Modernization	$11,281,439	$2,130,384	$13,411,823	$26,224,280	$39,636,103
Core Retirement- HB4045 Implementation	$6,679,780	($6,265,053)	$414,727	$17,434,779	$17,849,506
Core Retirement- Legacy Stabilization & Technology	$7,626,780	($7,626,780)	0	$13,282,500	$13,282,500
Employer Resolution Program	0	0	0	0	0
Totals	$196,924,570	($15,390,813)	$181,533,757	$62,500,806	$244,034,563

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

Source	Fund	ORBITS Revenue acct	2023-25 Actual	2025-27 Legislatively approved	2025-27 Estimated revenue*	2027-29 Agency request	2027-29 Governor's recommended	2027-29 Legislatively adopted
Operations Other Funds:								
Charges for services — admin fees	Limited–Other Funds	Charges for services	6,751,457	6,203,474	7,230,062	6,754,850		
Interest earnings	Limited–Other Funds	Interest income	8,518,006	29,150	348,229	388,312		
Other	Limited–Other Funds	Other revenues	(167,339,012)	50,000	16,286	17,955		

* All 2025-27 estimated revenue amounts were calculated using unaudited 2026 fiscal-year experience through March to arrive at the estimate for the biennium.

Essential packages

Package 010 Non-PICS Personal Services/Vacancy Factor

Package Description

This package reflects a total decrease of ($757,718) Other Funds. The decrease is primarily due to a net reduction of ($857,943) in vacancy savings, essentially a budget reduction in personal services provided by DAS CFO for all agencies. The package also includes standard inflation of 4.9 percent applied to personal service expenses such as temporary employees, overtime, shift and other differentials for a net increase of $100,225 in other payroll expenses. The following table shows the net decreases in limitations by division.

SCR	Division title	Amount
500-01	Central Administration	(100,024)
500-03	Financial Services Division	(37,454)
500-04	Information Services Division	(160,303)
500-08	Operations Division	(195,057)
500-09	Compliance, Audit, and Risk Division	(59,180)
900-06	CRSA-Modernization	(191,019)
900-07	CRSA-HB4045 Implementation	(14,681)
	Total	**($757,718)**

Package 022 Phase-Out Program and One-Time Costs

Package Description

Total reductions of ($19,092,044) in Limited–Other Funds include scheduled one-time costs and phase-outs for projects approved during the last legislative session. The details of the total reductions are as follows:

Package by SCR	Total phase-out	Operations Division	Compliance, Audit and Risk Division	Core Retirement System Applications-Modernization	Core Retirement System Applications-HB4045	Core Retirement System Applications-Legacy Stabilization
		500-08	500-09	900-06	900-07	900-08
Pkg. 101 CRSA HB4045	**(6,251,500)**				(6,251,500)	
Pkg. 103 SB1049 Perm Position	**(59,775)**	(59,775)				
Pkg. 104 CRSA Modernization	**(5,132,264)**			(5,132,264)		
Pkg. 110 PACS CSL	**(21,725)**		(21,725)			
Pkg. 801 CRSA Legacy Stabilization	**(7,626,780)**					(7,626,780)
Total one-time costs and phase-outs	**(19,092,044)**	**(59,775)**	**(21,725)**	**(5,132,264)**	**(6,251,500)**	**(7,626,780)**

Package 031 Standard Inflation

Package Description

The total cost of goods and services increases by $4,009,931 Other Funds. The Department of Administrative Services (DAS) Price List of Goods and Services and the biennial standard inflation factor of 4.9 percent are the basis for calculating cost increases in services, supplies, and capital outlay. State government service charges were increased by $2,255,199 primarily due to an increase in the Enterprise Information Services (EIS) 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.

- The annual audit of PERS' *Annual Comprehensive Financial Report* (ACFR) 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 ACFR budgeted in professional services. The Secretary of State Audits Division estimated a total cost of $4,071,560 for both services, and this amount is budgeted in state government service Charges in 2027-29. 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	264,621
500-03	Financial Services Division	2,226,748
500-04	Information Services Division	648,923
500-08	Operations Division	432,940
500-09	Compliance, Audit and Risk Division	424,926
900-01	CRSA- Modernization Program Staff	10,645
900-07	CRSA- HB4045 Implementation	1,128
	Total	**$4,009,931**

Budget Narrative

Package 032 Above Standard Inflation

Package Description

The total cost of goods and services increases by $449,018 in Other Funds. This increase exceeds the standard inflation rate of up to 9.1 percent. The combined total of standard and above-standard inflation must not exceed 14 percent. This increase is reflected in the Information Services Division for data processing in the amount of $438,149 and in the Compliance, Audit, and Risk Division for data processing in the amount of $10,869.

The following is a summary showing the total increase (decrease) by division:

SCR	Division title	Amount
500-04	Information Services Division	438,149
500-09	Compliance, Audit and Risk Division	10,869
	Total	**$449,018**

Package 060 Technical Adjustments

Package Description

This package moves funds between accounts in one appropriation to properly re-align expenditures in specific budget categories and protected services and supplies accounts. A total of $7,443,022 moved between two appropriations:

This was a net-zero budget impact on the appropriation.

SCR	Division title	Account descriptions	Amount moved
500-01	Central Administration Division	Personal Services	(7,087,690)
500-01	Central Administration Division	Services and Supplies	(355,332)
900-06	CRSA- Modernization-Program Staff	Personal Services	7,087,690
900-06	CRSA- Modernization-Program Staff	Services and Supplies	355,332
		Total	**$0**

Policy packages

Package 101- HB4045 Hazardous Position

PERS requests $17,434,779 Other Funds limitation for the implementation of HB 4045 (Hazardous Positions). This request includes six limited duration positions and funding for contractors to program the hazardous position classification within the Pension Administration System, jClarety.

• Personal Services	$ 1,343,779
• Services and Supplies	$ 16,091,000
• Capital Outlay	$ 0
Package Total	$ 17,434,779

Purpose

House Bill (HB) 4045, passed in the 2024 Regular Session, directed PERS to, among other things, create a new job classification (job class) titled Hazardous Position. This portion of the bill, effective January 1, 2030, changes the plans that PERS administers and adds complexity to the Oregon Retirement Information Online Network (ORION) system.

ORION is a system comprised of integrated component systems and diverse applications that support the PERS mission, and the agency's business users within the PERS enterprise computing and communications network. The addition of a job class to ORION includes all the necessary elements of managing a job class including but not limited to employer reporting, wage and contribution collection and reconciliation, General Ledger tracking, employment and position tracking, account withdrawal availability, cost of living updates, annual earning updates, updates to workflows, retirement options and multipliers, creation of new data sets, forms updates, new forms, entirely new processes, procedures, and training.

Given the complexity of the ORION architecture and jClarety, the base pension administration system in particular, the work to set up, within the Oregon Public Service Retirement Plan (OPSRP) tier, an entirely new member classification, with all the attributes noted above, within the time constraints set by legislation, requires significant system development expertise. PERS is leveraging IT contractors who are familiar with jClarety, as they assisted PERS in implementing all aspects of SB 1049 (2019), which was a six-year, multi-million-dollar program.

When assessing the technology development and implementation needs, a detailed analysis and projection exercise was conducted by PERS information Systems staff, resulting in the budget request noted above.

Proposed Solution

The following solutions were identified as part of the business case:

1. Solution One: Maintain current state
2. Solution Two: Develop a manual process
3. Solution Three: Wait for a modernization solution: A commercial-off-the-shelf (COTS) pension administration system
4. Solution Four: Combine Solution Two and Solution Three
5. Solution Five: Develop the Hazardous Position Job Classification in jClarety

Solution Five, contained within the business case, was reviewed and approved by DAS, LFO, EIS, and PERS, because this option sets up the entire agency for success. Integrating the new job classification, Hazardous Position, into jClarety, our legacy pension administration system, is the most efficient and effective way to manage this mandate for our members and retirees. Furthermore, this strategy allows the Modernization Program to focus on a successful pension administration system implementation of known business processes rather than rushing to incorporate a new, more complex, business process with unvetted requirements and workflows.

More importantly, this option can be completed by the legislatively mandated deadline of January 1, 2030, and support our members who are planning to retire on that date and receive benefits in a timely manner.

Between 2025 and 2027, Phase 1 was successfully completed, encompassing planning, analysis, and design activities. PERS intends to initiate Phase 2, which will concentrate on development and testing during the 2027-2029 biennium.

Phase 2 activities include:

- Refinement:
  - Finalize requirements
  - Update member and employer communications

- Execution:
  - Initiate system development life cycle for work packages (starting February 2028)
  - Publish communications
  - Monitor schedule, scope, budget, and risk
  - Maintain contact with LFO, IQMS, EIS, and stakeholders
- Testing:
  - Develop test scripts
  - Create or update specification documentation
  - Begin work package testing

Budget Narrative

Staffing and Budgetary Impacts

2025-27

PERS received $7,036,629 for the implementation of House Bill 4045 (2024), of which $2,553,585 was allocated to the hazardous position component, along with authorization to establish one permanent full-time position (0.88 FTE). After the Police and Fire portion of the bill was completed, a positive variance of $1,321,795 was transferred to the hazardous position effort, increasing its total budget to $4,775,380. During the February 2026 legislative session, PERS received an additional $21,211 for cost-of-living adjustments, bringing the total allocated budget to $4,796,591. In the June 2026 Emergency Board meeting, PERS requested an increase of $1,499,171 in Other Funds expenditure limitation for the continued implementation of House Bill 4045. The total budget request associated with HB 4045 for hazardous positions for the 2025–27 biennium was $6,295,762.

2027-29

The anticipated impact to 2027-29 budget is estimated to be approximately $1,377,051 for Personal Services and $16,091,000 for Services and Supplies. This is a one-time funding request. Contractor costs are estimated to be $12.1M with an additional $3M for contingency planning. IQMS vendor costs are expected to be $900k.

Establish 6 FTE LD positions:

- **Operations Support (3 RC1 LD; 2 OPA2 LD):**
  Funding 5 limited duration positions (3 RC1 LD; 2 OPA2 LD) 4.40 FTE. Due to the legislative requirements tied to House Bill 4045 and the requirement of internal staff needed to help build requirements and test technological solutions, Retirement Counselor's 1 (RC1) and Operations & Policy Analyst's 2 (OPA2) will be needed to backfill Subject Matter Experts. With the agency electing to pursue the development of Hazardous Positions into jClarety, business staff will be required to lend their expertise and knowledge to help with the development, testing and roll out of this new functionality. As staff are pulled into the project, the five requested positions will help offset the gap that is left in operations.

- **Product Owner Support (1 OPA3 LD):**
  Funding for 1 limited duration position 0.88 FTE;
  The Product Owner (OPA3 LD) will play a pivotal role in supporting HB 4045 through activities such as analysis, design, testing, training, and stabilization. This position is essential for the project's success, as it oversees legacy products and acts as a subject matter expert, advocates for users and interested parties, defines acceptance criteria for testing, facilitates decision-making, and develops product roadmaps.

Position #	Position	Status	FTE
2910101	C0841 RETIREMENT COUNSELOR 1	LD	0.88
2910102	C0841 RETIREMENT COUNSELOR 1	LD	0.88
2910103	C0841 RETIREMENT COUNSELOR 1	LD	0.88
2910104	C0871 OPERATIONS & POLICY ANALYST 2	LD	0.88
2910105	C0871 OPERATIONS & POLICY ANALYST 2	LD	0.88
2910106	MMN 0872 OPERATIONS & POLICY ANALYST 3	LD	0.88

Quantifying Results

- KPM #1, Timely Retirement Payment:
  Percent of initial service retirements paid within 45 days from retirement date.
- 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 through the 2027-29 biennium.

Consequences of Failure to Act

If PERS is not provided the necessary funding, we will not be able to implement this legislatively mandated change by its effective date. PERS would be incapable of being able to administer this new member classification in any form of manual processes and, consequently, would fail to fulfill the PERS mission which states: “We serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time.”

Revenue Source (ORS 238.610)

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rule.

Package 102 - Modernization Implementation

PERS requests $16,617,471 Other Funds limitation to add 24 positions and associated services and supplies to the Core Retirement Systems Application Division (CRSA) for Modernization Implementation.

• Personal Services	$ 6,745,799
• Services and Supplies	$ 9,871,672
• Capital Outlay	$0
Package Total	$ 16,617,471

Purpose

The PERS Modernization Program is a comprehensive, multi-year, enterprise-wide business transformation initiative aimed at reimagining how the Oregon Public Employees Retirement System (PERS) administers pension services. At its core, the program is focused on delivering sustainable, measurable benefits across people, processes, and technology, all in support of the agency's mission: paying the right person, the right benefit, at the right time.

The PERS Modernization Program aims to transform the delivery of pension services by replacing outdated technology, redesigning core business processes, and enhancing organizational capabilities. This transformation will ultimately improve services for members, employers, and its internal workforce.

For background, the current Pension Administration System (PAS), jClarety, has been in operation for more than 20 years and presents growing operational, financial, security, and technology risks to both PERS and the State of Oregon. Accumulating technical debt, limited system flexibility, aging architecture, and rising maintenance costs have constrained the agency's ability to provide efficient, reliable, and timely services to more than 440,000 members and over 900 participating employers. Furthermore, the legacy statewide PAS is a mission-critical system that supports the administration and payment of retirement benefits, which includes the distribution of approximately $550 million in benefit payments each month, with an additional $1.5 billion in other distributions per year (e.g. death, termination, etc.). PERS also receives approximately $4.7 billion in contributions per year. The continued reliability, security, and sustainability of the system are therefore essential to protecting benefit payments, maintaining uninterrupted operations, responding to legislative and policy changes, and fulfilling the agency's mission.

This Policy Option Package requests funding for Modernization workstreams, position authority and funding for positions that will support the critical enterprise-wide transformation initiatives.

This POP has a corresponding POP; POP 104.

Proposed Solution

During the 2027–29 biennium, PERS must prepare the Agency to onboard a modern Pension Administration System vendor and advance its broader modernization and business transformation efforts. This work will include beginning its analysis and design phases, refining business and technical requirements, conducting fit-gap workshops, validating implementation costs, reducing delivery risks, procuring Organizational Change Management and Portfolio & Project Management services, developing the future-state design and architecture, initiating implementation of the Hybrid Integration Platform, continuing data clearing, conversion and migration planning, and recruiting program staff.

The biennium must also provide sufficient funding for required state services and independent oversight, including Independent Quality Management Services, Department of Justice support, and other professional services necessary to support successful procurement, planning, and implementation.

PERS is planning to initiate the following Modernization work efforts in the 2027-29 biennium:

Planned Work Efforts for the 27-29 Biennium	**Description**	**Planned Budget**
Modern Pension Administration System	Procure a commercial-off-the-shelf (COTS) Pension Administration System in late 2027.	TBD, see POP 104 for further details
Fit-Gap Work Sessions	Confirm business and technical requirements through structured fit-gap workshops. PERS plans to engage contractors with specialized expertise to facilitate and support these sessions, which are expected to occur over approximately six months.	$ 750,000
Future State Design and Architecture	Establish future-state design and architecture for the modern Pension Administration System, which includes ancillary systems (gap projects) that were identified during the Fit-Gap Work Sessions.	$ 250,000
Organizational Change Management Services	Develop and issue a Request for Proposal for Organizational Change Management services to support interested party engagement activities, communications, training, workforce readiness, and adoption throughout the modernization initiative.	$ 500,000
Portfolio and Project Management Services	Develop and issue a Request for Proposals for Portfolio and Project Management services to establish an integrated portfolio, maintain the program master schedule, coordinate scheduled resources, manage risks and issues, support performance reporting, and provide delivery oversight across the modernization initiative.	$ 250,000
Hybrid Integration Platform Project	Initiate the construction phase of the Hybrid Integration Platform project to build and configure the integration capabilities needed to securely connect legacy systems, the new Pension Administration System, and other enterprise applications. PERS plans to hire contractors who specialize in Microsoft cloud technology solutions.	$2,000,000
Data Conversion and Data Migration	PERS plans to engage specialized contractors to establish an independent data environment that supports the conversion and migration of information from the current Pension Administration System to the new commercial off-the-shelf Pension Administration System. This environment will provide a centralized and controlled data platform for consolidating legacy	$3,000,000

	information, cleansing and transforming data, validating migrated records, reconciling benefit calculations and financial results, and supporting migration testing. The independent data environment will also support reporting, analytics, auditability, and data-quality monitoring throughout the modernization initiative. Establishing this capability early will help PERS identify and resolve data issues before implementation, reduce migration risk, maintain traceability between legacy and future-state records, and improve confidence that member and employer information is transferred accurately and completely.	
IQMS	Continuing Independent Quality Management Services. PERS has contracted with Gartner Inc. for Independent Quality Management Services (IQMS) through the Statewide IQMS program at EIS for the Modernization Program and the projects within the Programs' portfolio in November 2023. The iQMS Consultant, Gartner, identifies potential risks, provides strategic recommendations, and ensures compliance with best practices. This service also evaluates technical work products for quality assurance and assesses project schedules, costs, functionality, reliability, security, and other relevant quality standards.	$1,000,000
Planned Contingency for Overtime	Establish contingency funding for overtime to address unanticipated workload demands, critical deadlines, testing activities, implementation support, and other time-sensitive modernization needs.	$ 250,000
Department of Justice Fees	Department of Justice Fees for RFP Development and Contract Negotiation.	$ 100,000

These work efforts will start to modernize PERS' people, processes, and technology by preparing employees for new ways of working and building new skills, improving how services are delivered to members and employers, and replacing aging legacy systems. PERS will follow industry's best practices and take a deliberate, disciplined approach to reduce risk, avoid implementation missteps, and support effective decision-making throughout the modernization journey.

Together, these efforts will position PERS for the successful implementation of a modern, secure, flexible, and sustainable Pension Administration System.

- Key assumptions
    - Procurement and contract negotiations with the selected Pension Administration System vendor will be completed late 2027.

  - Data cleansing activities will have progressed sufficiently to support data conversion and migration activities. Adequate staffing and contractor resources will be available to support the planned modernization schedule.
  - HB 4045, as the agency's highest-priority project, will not materially affect modernization resources, activities, or timelines.
  - Oversight and procurement processes and approvals are completed timely.
  - The budget is sufficient for all planned activities.
  - No new major mandates from the state legislature/government entity will be passed that impact the operations of the Agency.
- Alignment with mission and strategic plan:

  The PERS Modernization Program is a comprehensive, multi-year, enterprise-wide business transformation initiative aimed at reimagining how the Oregon Public Employees Retirement System (PERS) administers pension services. At its core, the program is focused on delivering sustainable, measurable benefits across people, processes, and technology, all in support of the agency's mission: paying the right person, the right benefit, at the right time.

  This Modernization program is a business transformation aligned with PERS's 2023–2028 Strategic Plan, and State of Oregon's Cloud Forward and IT modernization strategies.

- Timeframe for implementation:

  The timeframe remains indeterminate and is expected to span multiple biennia. Once PERS completes the procurement of a Pension Administration System vendor, late 2027, the schedule will become more defined.

Staffing and Budgetary Impacts

2025-27

PERS legislatively adopted budget was $7,833,071 with 14 staff and 13.52 FTE under SB 5534 for Modernization Implementation efforts. PERS requested and received approval for an additional $2,111,563 and five staff (2.5 FTE) under HB 5204 during the February 2026 legislative session to continue implementation efforts.

2027-29

The anticipated impact to 2027-29 is estimated to be approximately $6,745,799 for personal and services and $9,871,672 for related services and supplies.

PERS requests to establish 24 Positions 21.12 FTE (10 LD; 14 PERM):

PERS established the Modernization Program in 2022 and the Division in 2025 to lead the agency's statewide modernization initiatives, which includes the implementation of a new Pension Administration System that impacts the entire agency. This Policy Option Package requests position authority and funding for 24 full-time positions to establish the staffing capacity necessary to support the Modernization Program and successfully deliver its planned Modernization efforts.

The modernization effort is expected to take approximately eight to ten years to complete. Dedicated staffing will be required throughout the program to support planning, analysis, fit-gap workshops, procurement, implementation, organizational change, testing, data cleaning, data conversion and migration, integration, and ongoing program oversight. PERS requests the following positions:

Modernization Program – 5 Positions 3.52 FTE (2 OPA3's LD; 1 OPA1 PERM; 1 Consultant Advisor 1 PERM; 1 OPA4 MMN PERM)

Lead Business Analyst (1 OPA3 LD): The Lead Business Analyst will support modernization planning and analysis activities, conduct research, develop program plans and supporting documentation, coordinate business requirements, and maintain current modernization information. This position will support new projects that are identified for the Modernization Program.

Technical Writer (1 OPA3 LD): The Technical Writer will develop and maintain clear, consistent, and professional documentation for the modernization program. Responsibilities will include preparing technical documentation such as business cases, decision memoranda, work-order contracts, statements of work, procedures, reports, and technical training materials as needed.

Modernization Support (1 OPA1 PERM): Provide program support to the Modernization Division by coordinating division activities, maintaining records and documentation, track assignments and deliverables, and support communication and scheduling across modernization workstreams.

Modernization Project Advisor (1 Consultant Advisor 1 PERM): Provide specialized expertise, technical oversight, and strategic project guidance across the modernization portfolio. The advisor will support project planning and decision-making, identify and address risks and dependencies, review key deliverables, and help ensure modernization projects align with program objectives, enterprise standards, and industry best practices.

Vendor Manager (1 OPA 4 MMN PERM): This position will ensure Modernization vendors comply with the contract terms, deliverables, service levels, times, and reporting requirements. Serves as one of the primary liaisons between the vendor, project team, leadership, procurement, counsel and other stakeholders. Identifies vendor related risks, dependencies, performance concerns and coordinates corrective actions when necessary.

Modernization Enterprise Portfolio Innovation & Change - 9 Positions 7.92 FTE(1 PM3 MMN PERM; 1 PM3 LD; 3 PM2 LD; 1 PM1 LD; 1 BOM2 PERM; 2 OPA2 LD)

Senior Project Managers (1 PM3 MMN PERM; 1 PM3 LD): One of the Senior Project Managers will manage and oversee the critical master schedule for Modernization. The master schedule integrates all of the Modernization projects and provides visibility to the Modernization portfolio. The other Senior Project Manager will manage and lead technical projects for the new Pension Administration System.

Project Managers (3 PM2's LD): The Project Managers will assist the Senior Project Managers with Modernization initiatives. Manage the project schedules, schedule project meetings, review deliverables, prepare monthly and quarterly reports, and maintain risk and issue logs.

Project Manager (1 PM1 PERM): This position will support the Modernization Program by coordinating project meetings, maintaining schedules, and preparing clear, accurate, and comprehensive project documentation. The Project Manager will track action items, risks, issues, decisions, dependencies, and follow-up on activities to support timely communication and effective project delivery.

Business Operations Manager (1 BOM2 PERM): This position will be managing the Project Delivery and Portfolio Management team. Establish clear goals, supervise, coach, and set performance standards. This position is critical for Modernization and will ensure project and portfolio best practices are followed.

Organizational Change Management (2 OPA2's LD): Organizational Change Manager positions will develop and lead change management strategies that prepare employees and stakeholders for new systems, processes, roles, and ways of working introduced through the Modernization efforts. The positions will assess organizational impacts, coordinate communications and training, manage stakeholder engagement, and monitor adoption to help ensure changes are understood, accepted, and sustained.

Modernization Product Owner Team - 8 Positions 7.04 FTE (2 OPA 3's MMN PERM; 5 OPA 2's PERM; 1 BOM2 PERM):

Product Owner (2 OPA3 MMN PERM): The Product Owners define and prioritize requirements and manage testing for products at the PERS agency and as PERS Modernizes, the Product Owner Team will become invaluable while balancing both Modernizing Products and maintaining Legacy Products. The Product Owner Team needs resources that specialize in products for the new Pension Administration System, which includes managing the products, representing requirements from users and interested parties, establishing acceptance criteria for testing, supporting decisions and building product roadmaps.

Associate Product Owners (5 OPA 2's PERM): These positions are essential for the Modernization efforts at PERS to support the new Pension Administration System in gathering and documenting requirements, coordinating stakeholder input, writing test scripts, testing, backlog management, and tracking delivery of products.

Business Operations Manager (1 BOM2 PERM): This manager position will lead the Product Owner Team, supervise, coach, establish clear, and set performance standards. In addition, coordinate product priorities, oversee requirements and backlog activities, manage cross-product dependencies, facilitate governance and decision-making, represent business and customer needs and support delivery and acceptance of Modernization activities.

Modernization Fusion Team – 2 Positions 1.76 FTE (1 ISS8 LD; 1 ISS6 LD)

Modernization Technical Architect (1 ISS8 LD): This position will develop and maintain future-state technical artifacts including data, application, integration, and security to support PERS' modernization initiatives. The position will also provide technical leadership, cloud development, system integration expertise, solution design, and implementation activities for modern technology initiatives.

Modernization Business System Analyst (1 ISS6 LD): This position will analyze, document, and validate business rules and system requirements for the new Pension Administration System. The analyst will work closely with the PAS vendor, Product Owners, subject-matter experts, and technical teams to support system configuration, manage and maintain the business rules engine, technical requirements, testing, defect resolution, and quality assurance.

Position #	Position	Status	FTE
2910207	X0872 OPERATIONS & POLICY ANALYST 3	LD	0.88
2910208	X0872 OPERATIONS & POLICY ANALYST 3	LD	0.88
2910209	C0870 OPERATIONS & POLICY ANALYST 1	PERM	0.88
2910210	X7598 CONSULTANT ADVISOR 1	PERM	0.88
2910211	C0871 OPERATIONS & POLICY ANALYST 2	LD	0.88
2910212	C0871 OPERATIONS & POLICY ANALYST 2	LD	0.88
2910213	X7084 BUSINESS OPERATIONS MANAGER 2	PERM	0.88
2910214	X7084 BUSINESS OPERATIONS MANAGER 2	PERM	0.88

2910215	C0856 PROJECT MANAGER 3	PERM	0.88
2910216	X0856 PROJECT MANAGER 3	LD	0.88
2910217	C0855 PROJECT MANAGER 2	LD	0.88
2910218	C0855 PROJECT MANAGER 2	LD	0.88
2910219	C0855 PROJECT MANAGER 2	LD	0.88
2910220	C0871 OPERATIONS & POLICY ANALYST 2	PERM	0.88
2910221	C0871 OPERATIONS & POLICY ANALYST 2	PERM	0.88
2910222	C0871 OPERATIONS & POLICY ANALYST 2	PERM	0.88
2910223	C0871 OPERATIONS & POLICY ANALYST 2	PERM	0.88
2910224	X0872 OPERATIONS & POLICY ANALYST 3	PERM	0.88
2910225	C0871 OPERATIONS & POLICY ANALYST 2	PERM	0.88
2910226	X0872 OPERATIONS & POLICY ANALYST 3	PERM	0.88
2910227	X0873 OPERATIONS & POLICY ANALYST 4	PERM	0.88
2910228	C1488 INFO SYSTEMS SPECIALIST 8	LD	0.88
2910229	C1486 INFO SYSTEMS SPECIALIST 6	LD	0.88
2910230	C0854 PROJECT MANAGER 1	PERM	0.88

Quantifying Results

Following the implementation of the PERS Modernization Program, the following KPM outcomes are expected:

KPM #1, Timely Retirement Payments For New Retirees:
Increase percentage of initial service retirements paid within 45 days from retirement date.

KPM #2, Total Benefit Administration Costs:
Reduce administrative costs while maintaining high levels of service to members and employers.

KPM #3 Member to Staff Ratio:
Increase capability to serve greater volume of members with current staff.

KPM #6, Customer Service, milestone:
Maintain 80% or higher good or excellent responses in the annual customer satisfaction survey.

Consequences of Failure to Act

Failure to act would significantly increase the operational, financial, and service-delivery risks facing PERS. Without continued investment in Modernization and the staffing necessary to support it, the agency will remain dependent on aging systems that are increasingly costly, complex, and difficult to maintain. Technical debt will continue to accumulate, system reliability may decline, and the agency's ability to accurately and timely administer pension benefits could be affected.

The legacy environment also lacks many of the security, fraud-detection, monitoring, and resiliency capabilities available in modern platforms, increasing PERS' exposure to cybersecurity threats and operational disruptions. Manual processes, fragmented tools, and system workarounds will continue to create bottlenecks, increase the likelihood of errors, expand backlogs, and contribute to staff workload and burnout.

Continued reliance on outdated technology may also result in recurring audit findings, compliance concerns, and reputational harm. PERS will have greater difficulty responding efficiently to legislative and policy changes, meeting evolving member and employer expectations, automating processes and calculations that would ultimately reduce expenses through increased efficiency, and deliver consistent, transparent, and timely services. Over time, these limitations could undermine confidence in the agency's ability to fulfill its obligations.

Revenue Source (ORS 238.610)

Other Funds Limitation; Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

Package 103 - Modernization: Supporting Staffing

PERS requests $9,606,808 Other Funds limitation for the Core Retirement System Administration. PERS is requesting 36 positions to support the Modernization Program. These positions provide essential operational support across multiple functional areas, including operations, communications, human resources, procurement, data management, and legal analysis.

• Personal Services	$8,375,464
• Services and Supplies:	$1,231,344
• Capital Outlay	$0
Total Request	$9,606,808

Purpose

This Policy Option Package will provide resources, primarily in the form of other funds limitation, to support the continuation of the Agencies projects under the Modernization Program Portfolio. This POP requests both permanent and limited duration resources for the 2027–29 biennium, and into the future biennia, to address staffing challenges and critical resource gaps for the Modernization Program.

The PERS Modernization Program (the “Program”) is a multi-biennia initiative comprised of a variety of projects focused on transforming the core pension administration and supporting systems and eliminating the current need for and reliance on off-line tools and workarounds. Through this transformation, opportunities to improve business processes will be realized, and PERS will be in a better position to deliver the agency’s mission to “pay the right person, the right benefit, at the right time.”

To successfully deliver this transformation, additional staff are essential. Modernization introduces new technologies, redesigned business processes, and complex system integrations that require skilled data analysts, policy analysts, data specialists, and subject matter experts to support analysis, design and testing activities. These staff ensure that business processes are effectively reengineered, data is migrated accurately, policy requirements are interpreted correctly, and that system functionality is thoroughly tested and implemented without disrupting service to members and employers.

Increased staffing strengthens the Program’s ability to identify and mitigate risks, provide capacity needed to manage evolving program demands, ensure timely decision making, and sustain progress across multiple workstreams that support the agency’s future needs.

Proposed Solution

A deliberate and forward-thinking staffing strategy is crucial for PERS to achieve its transformation objectives. By identifying essential roles, addressing immediate resource needs, and streamlining recruitment and hiring processes, the agency ensures it can quickly build a capable team to support Modernization efforts. These coordinated actions not only fill critical gaps but also establish a strong foundation for sustained operational excellence.

High-Level Implementation Plan:

- Identify and prioritize positions.

- Ensure position descriptions are approved by the Chief Human Resources Office at DAS.
- Begin hiring permanent and limited duration staff immediately upon approval.
- Execute the onboarding and comprehensive training plan for each new hire.
- Group comparable job postings to consolidate applications for recruitment purposes and streamline hiring.

Key assumptions:

- The Pension Administration System RFP is posted in Quarter 1 of 2027.
- The new Pension Administration Vendor is onboarded late 2027.

Timeframe for implementation:

PERS is estimating 8 to 10 years to implement the new Pension Administration System, which is based on a solution analysis that was prepared by Gartner in 2025.

The scale and complexity of the Modernization effort requires additional staffing to successfully carry out the analysis, design, and testing activities that a new pension administration system demands for the 2027-29 biennium and beyond. The PERS Modernization introduces new technologies, redesigned business processes, and extensive system integrations that cannot be supported with current staffing levels. Additional permanent and limited duration resources ensure that subject matter expertise is available to accurately define system requirements, prepare test scripts, support data transition activities, and maintain continuity of operations throughout the multi-biennia implementation. This approach strengthens PERS' ability to sustain progress across multiple workstreams for Modernization.

Investing in both permanent and limited duration staff to support PERS' Modernization efforts is essential to achieving the agency's strategic goals and mission. These resources strengthen the organization's ability to carry out the analysis, design, and implementation activities required for a modernized pension administration system; one that delivers accurate and timely benefits to those who rely on Oregon PERS. By providing dedicated staff capacity, PERS can ensure that critical business processes are redesigned effectively, system requirements are fully understood, and transition activities are supported by informed subject matter expertise. These investments directly contribute to PERS' ability to "pay the right person, the right benefit, at the right time," while building a resilient foundation that supports long-term operational success.

Lastly, resources for Modernization activities are critical to the agency's ability to provide enhanced services to our members and employers and to support future legislative or policy changes quickly and efficiently.

Staffing and Budgetary Impacts

2025-27

PERS received $4,100,071 in Other Funds limitation for the Modernization Program staff to support 14 positions. During the February 2026 legislative session, PERS received an additional $130,762 for cost-of-living adjustments and $644,301 to fund five additional positions. The total budget for the Modernization Program staff for the 2025–27 biennium was $4,875,134.

2027-29

The anticipated impact to 2027-29 is estimated to be approximately $8,314,895 in personal services and $1,231,344 in services and supplies.

PERS requests to establish 36 positions (24 LD and 12 PERM):

- **Operations Support (22 OPA1 LD; 1 BOS2 LD):**

  Funding for 23 limited duration (LD) positions 20.24 FTE(22 OPA1 LD; 1 BOS2 LD). Operations & Policy Analyst 1's (OPA 1) are needed to backfill operational work in order for key subject matter experts to provide business support for analysis, design, and testing for the new Pension Administration System. A Business Operations Supervisor 2 (BOS2) is also needed to balance the span of control reducing a high staff-to-manager ratio for a unit adding additional positions. During the Modernization effort, the Operations Division will be providing key subject matter experts dedicated to sharing their knowledge and expertise towards the development, testing and execution of the future Pension Administration System. To minimize operational impact, the requested LDs will backfill the subject matter experts pulled into supporting Modernization. These LD staff will focus on the continuation of supporting the PERS mission and corresponding deliverables.

- **Communications Support (1 PAS2 PERM; 1 EPDS3 PERM):**

  Funding for 2 permanent positions 1.76 FTE (1 PAS2 PERM; 1 EPDS3 PERM). The Communications Section is seeking two permanent staff to meet the growing needs of the agency as it advances its modernization effort and sustains current day-to-day communications operations. The PAS2 will expand the team's capacity to manage increasingly complex content for multiple audiences, plan for and deliver enterprise level messaging, and support new communication processes and support existing communications as systems and services evolve. The EPDS3 will provide specialized expertise to deliver timely, accurate information through multimedia channels, ensuring consistency of messaging and meeting interested parties where they are when it comes to how they best consume information, keeping them informed and engaged throughout modernization. Together, these positions will create essential, just in time capacity during peak modernization activity, while also strengthening long-term communications readiness across the agency.

- **Procurement Support (1 PCS3 LD):**

  Funding for 1 limited duration position 1.00 FTE (1 PCS3 LD). The Procurement Section is requesting the continuation of the limited-duration Procurement & Contract Specialist 3 position to support ongoing modernization program efforts. As the modernization initiative advances toward implementing the new Pension Administration System (PAS), additional contracting needs will arise for vendors and consultants involved in system implementation, testing, and deployment. The volume and complexity of PAS-related contracts continue to increase, creating a sustained need for a senior-level procurement analyst who can effectively coordinate, manage, and monitor these contracts throughout their lifecycle.

- **Human Resources Support (2 HRA1 PERM):**

  Funding for 2 permanent positions 1.76 FTE (2 HRA1 PERM). The Human Resources unit is seeking two permanent Human Resource Analyst 1 (HRA1) positions. Each will play a critical role in advancing the Modernization effort, while sustaining current day-to-day operations. One HRA1 will be assigned to recruitment to increase the recruitment capacity within PERS, at present the HR unit only has one recruiter. PERS is currently experiencing an increase in "time to fill" for all current recruitments in the queue. With the addition of a second dedicated HRA1 for recruitment, the current time to fill metric will reduce, while enabling modernization to seek the positions necessary to progress the new pension administration system onboarding and deployment. The second HRA1 will act in a generalist capacity to aid in periods of extensive recruiting creating just-in-time capacity as needed, during all other times the rule will be a cross functional member of the team focusing on areas like special leave, investigation support, and onboarding support.

- **Data Support Team (1 PAS2 PERM; 1 RA4 PERM; 3 RA3 PERM; 1 RA2 PERM; 1 OPA3 PERM):**

  Funding for 7 permanent positions 4.50 FTE (1 PAS2 PERM;1 RA4 PERM; 3 RA3 PERM; 1 RA2 PERM; 1 OPA3 PERM). PERS is seeking to establish a Strategic Data & Analytics Unit to lead enterprise data governance, data quality, analytics, and data lifecycle management. The unit will bring together existing Central Data Management and Enterprise Content Management staff to create a center of excellence for trusted, accessible data. Led by the Strategic Data & Analytics Officer, the unit will partner with the Data Governance Committee to implement PERS' Data Strategy and strengthen data governance maturity. Additional staff will expand enterprise analytics, improve data quality, support data lifecycle practices, and increase self-service reporting and business intelligence capabilities. In the near term, the unit will support Modernization through data cleansing and migration activities essential to implementing the Pension Administration System. Over time, it will reduce implementation risk, improve data accessibility and integrity, and provide the business-led data capability needed to support PERS' technology and modernization investments.

- **Compliance, Audits, and Risk Division (CARD) Support:**

  Funding for 1 permanent 10.88 FTE (1 OPA3 PERM), Research Policy Coordinator. The Research Policy Coordinator will lead and oversee complex legal research projects, determine the applicability of laws, rules, and regulations and make legal recommendations that guide agency actions affecting retirement benefits for all members. This position is critical to supporting ongoing Modernization efforts by ensuring new business processes comply with applicable statutes and administrative rules and, when necessary, identifying and initiating required statutory or rule changes. CARD's current complement of three policy coordinators is fully utilized managing existing workloads, leaving insufficient capacity to support modernization initiatives. Adding this position will provide the policy expertise needed to maintain compliance, reduce implementation risks, and support the timely delivery of modernization projects.

Position #	Position	Status	FTE
2910331	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910332	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910333	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910334	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910335	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910336	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910337	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910338	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910339	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910340	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88

2910341	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910342	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910343	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910344	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910345	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910346	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910347	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910348	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910349	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910350	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910351	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910352	C0870 OPERATIONS & POLICY ANALYST 1	LD	0.88
2910353	X7086 BUSINESS OPERATION SUPERVISOR 2	LD	0.88
2910354	X1320 HUMAN RESOURCE ANALYST 1	PERM	0.88
2910355	X1320 HUMAN RESOURCE ANALYST 1	PERM	0.88
2910356	C0865 PUBLIC AFFAIR SPECIALIST 2	PERM	1.00
2910357	C2512 ELECTRONIC PUB DESIGN SPEC 3	PERM	0.88
2510114	C0438 PROCUREMENT & CONTRACT SPEC 3	LD	1.00
2910359	C0862 PROGRAM ANALYST 3	PERM	0.88
2910360	C1118 RESEARCH ANALYST 4	PERM	0.83
2910361	C1117 RESEARCH ANALYST 3	PERM	0.75
2910362	C1117 RESEARCH ANALYST 3	PERM	0.75
2910363	C1117 RESEARCH ANALYST 3	PERM	0.58
2910364	C0872 OPERATIONS & POLICY ANALYST 3	PERM	0.71
2910365	C1116 RESEARCH ANALYST 2	PERM	0.71
2910366	C0872 OPERATIONS & POLICY ANALYST 3	PERM	0.88

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 in the annual customer satisfaction survey throughout the 2027-29 biennium.

Consequences of Failure to Act

Not establishing these positions will have a significant impact on Modernization initiatives, timely response and resolution of support requests with a direct impact to timely eligibility and benefits related to pension administration. Furthermore, by not establishing these positions there will be immense logistical difficulties in balancing day-to-day operations alongside the needs of Modernization activities. Gaps will be created in critical areas and will impact key performance deliverables. Both timeliness and quality will be severely impacted as operations staff are stretched thin and required to proportionally handle more workload as fewer staff are available due to Modernization needs.

In addition, operational bottlenecks will continue to intensify, due to manual processes, workarounds, and fragmented tools that ultimately lead to rising error rates, backlogs, and staff burnout.

Continued reliance on outdated systems increases the likelihood of repeat audit findings, compliance concerns, exposure to cybersecurity threats, and reputational damage. Most importantly, member confidence may erode as the agency becomes less able to meet service expectations or adapt efficiently to policy changes.

Revenue Source (ORS 238.610)

Other funds limitation; Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules

Package 104 - Modernization: Pension Administration System

PERS requests establishing a funding placeholder for the acquisition of a new Pension Administration System (PAS) and to onboard a new vendor for Amazon Connect, enhancing telephony services during the 2027–29 biennium. PERS anticipates pursuing bond financing for the PAS modernization effort, which would include an Accountant 2 position for reporting purposes. As the agency completes its procurement activities, a more reliable cost and defined estimate will become available towards the end of 2027.

- Personal Services $0
- Services and Supplies: $1
- Capital Outlay $0

Total Request $1

Purpose

The current PAS, jClarety, has been in operation for more than 20 years and it presents increasing operational, financial, security, and technology risks to both PERS and the State of Oregon. Accumulating technical debt, limited system flexibility, aging architecture, and rising maintenance costs have constrained the agency's ability to provide efficient, reliable, and timely services to more than 440,000 members and over 900 participating employers.

Furthermore, the legacy PAS is a mission-critical system that supports the administration and payment of retirement benefits, which includes the distribution of approximately $500 million in benefit payments each month, with an additional $1.5 billion in other distributions per year (e.g. death, termination, etc.). PERS also receives approximately $4.7 billion in contributions per year. The continued reliability, security, and sustainability of the system are therefore essential to protecting benefit payments, maintaining uninterrupted operations, responding to legislative and policy changes, and fulfilling the agency's mission.

During the next biennium, the Oregon Public Employees Retirement System (PERS) must procure a new PAS and begin the analysis and design phases of its statewide PAS modernization initiative. Beginning the analysis and design work in the 2027–29 biennium is necessary to define requirements, validate costs, reduce implementation risk, and prepare PERS for the successful procurement and implementation of a modern PAS.

This POP has a corresponding POP; POP 102.

Proposed Solution

PERS intends to secure bond funding to develop a new Pension Administration System and begin both the analysis and design phases during the 2027–29 biennium. The agency will use industry best practices, including fit-gap work sessions lasting about six months, to assess which business, technical, security, and operational requirements can be met through the standard features and configuration of the chosen system, and which cannot.

Budget Narrative

The requirements that cannot be fully addressed by the core system will be documented, evaluated, and prioritized. Where necessary, supplemental applications (gap applications), integrations, or other technical solutions will be designed and developed to address identified gaps while minimizing unnecessary customization to the new Pension Administration System.

High-Level Plan:

1. Submit a notification of interest to DAS Capital Finance.
2. Post the Pension Administration System RFP
3. Award contract to a Pension Administration System vendor
4. Conduct a 6-month fit-gap work session
5. Initiate the analysis and design phases of the Modernization initiative

Staffing and Budgetary Impacts

The anticipated impact to 2027-29 is estimated to be approximately $278,005 in personal services and $35M in services and supplies related to vendor costs. Total project costs for future biennia are currently unknown, but early estimates are $250M over an eight-year time frame. Bondable and non-bondable costs are still in the initial phases and will depend on future work streams provided by the successful vendor. Support staffing costs are maintained under other policy packages and will be separated for clarity and consistency for current and future requests.

Finance Division Support – 1 Position (1 ACCT2 PERM):

Funding for 1 position 0.88 FTE for an Accountant 2 (1 ACCT2). This position will be responsible for the administrative management of Bond funding. Tasks will include developing and submitting all required reporting, ensuring proper documentation and submittal of all bondable expenditures, bond budget tracking, debt service payments and additional bond related documentation as necessary. This position request is a placeholder pending bond financing outcomes.

Position #	Position	Status	FTE
TBD	OAS 1217 Accountant 2	PERM	0.88

Quantifying Results

Following the implementation of the PERS Modernization Program, the following KPM outcomes are expected:

KPM #1, Timely Retirement Payments For New Retirees
Increase percentage of initial service retirements paid within 45 days from retirement date.

KPM #2, Total Benefit Administration Costs
Reduce administrative costs while maintaining high levels of service to members and employers.

KPM #3 Member to Staff Ratio
Increase capability to serve greater volume of members with current staff.

KPM #6, Customer Service, milestone:
Maintain 80% or higher good or excellent responses in the annual customer satisfaction survey.

Consequences of Failure to Act

Failure to act would significantly increase the operational, financial, and service-delivery risks facing PERS. Without continued investment in Modernization and the staffing necessary to support it, the agency will remain dependent on aging systems that are increasingly costly, complex, and difficult to maintain. Technical debt will continue to accumulate, system reliability may decline, and the agency's ability to accurately and timely administer pension benefits could be affected.

The legacy environment also lacks security, fraud-detection, monitoring, and resiliency capabilities available in modern platforms, increasing PERS' exposure to cybersecurity threats and operational disruptions. Manual processes, fragmented tools, and system workarounds will continue to create bottlenecks, increase the likelihood of errors, expand backlogs, and contribute to staff workload and burnout.

Continued reliance on outdated technology may also result in recurring audit findings, compliance concerns, and reputational harm. PERS will have greater difficulty responding efficiently to legislative and policy changes, meeting evolving member and employer expectations, automating processes and calculations that would ultimately reduce expenses, and deliver consistent, transparent, and timely services. Over time, these limitations could undermine confidence in the agency's ability to fulfill its obligations.

Revenue Source (ORS 238.610)

Bond and Other Funds Limitation: Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules. PERS may seek bond financing for this project if the option provides the pension system and the state measurable cost savings. As of July 31st, PERS has submitted a notification of interest to DAS Capital Finance while a full evaluation of bond financing is under review. Bond financing decisions are ultimately up to the Governor's Office and statewide capacity limits. Should bonding provide financing for this project, it is anticipated that a full crosswalk will be provided to show the timing of distributions, projects funded, and debt service expenditure limitation in alignment with ORS 286A.

Package 105 - Legacy Stabilization & Technology Readiness

PERS requests $13,282,500 in Other Funds limitation within the Legacy Stabilization and Technology Readiness appropriation to support increased costs associated with jClarety, data cleaning, foundational architecture documentation, batch job processing, development operations, Filenet Upgrade, licensing & subscription costs, and professional services.

- Personal services $ 0
- Services and supplies $ 13,282,500
- Capital outlay $ 0

Total cost $ 13,282,500

Purpose

The PERS Modernization Program is a comprehensive, multi-year, enterprise-wide business transformation initiative designed to reimagine how the Oregon Public Employees Retirement System administers pension services. The modernization effort is expected to take approximately eight to ten years to complete.

While PERS plans and implements its modernization strategy, the agency must continue operating and maintaining its current Pension Administration System (PAS) and supporting technologies. The legacy PAS is a mission-critical system that supports the administration and payment of retirement benefits, which includes the distribution of approximately $500 million in benefit payments each month, with an additional $1.5 billion in other distributions per year (e.g. death, termination, etc.).

PERS is requesting funding for activities necessary to maintain reliable operations and prepare the agency for modernization activities. These efforts include addressing technical debt within the legacy PAS, jClarety; continuing critical data-cleansing activities; developing and maintaining architecture documentation; improving batch-processing performance; strengthening DevOps capabilities; and funding for professional services.

This Policy Option Package requests Other Funds for Legacy Stabilization and Technology Readiness workstreams that will sustain current operations while PERS simultaneously advances its modernization and business transformation initiatives. These investments will help reduce operational risk, maintain continuity of service, and ensure the agency is technically prepared for the transition to a modern pension administration environment.

Proposed Solution

PERS plans to initiate the following Legacy Stabilization & Technology Readiness efforts:

Technology Upgrade Project (DevOps Tools and Contractors; FileNet Upgrade) at $8.3M

BUDGET NARRATIVE

Given that Modernization is anticipated to span 8 to 10 years, ongoing technical upgrades are essential to ensure the legacy pension administration system remains capable of serving members and employers. Additionally, continuous technology enhancements are necessary to maintain operational readiness and prepare for Modernization activities.

DevOps:

DevOps provides both the tools and delivery practices needed for the PERS Information Services Division (ISD) to advance Technology Readiness and continue maturing its software development and operational capabilities. Through this initiative, ISD will adopt industry best practices to improve system reliability, software security, testing, deployment, monitoring, and ongoing operational support for new applications and services.

Because of the complexity and breadth of PERS' approximately 2,500 business and technical requirements for a new commercial off-the-shelf Pension Administration System, it is unlikely to meet every requirement through standard functionality and configuration. As a result, PERS will need to design, develop, and integrate supplemental applications to address identified functional gaps. DevOps tools and practices will enable ISD to build, test, deploy, and support these applications across cloud and on-premises environments.

ISD must establish sufficient DevOps proficiency before implementation of the new Pension Administration System so staff can collaborate effectively with the selected vendor. Building this capability early will help PERS apply consistent standards across agency-developed solutions.

This requested funding will support the tools and resources needed to develop gap applications, implement enterprise monitoring, perform container-image scanning, automate testing, establish container platforms, acquire required software licenses, obtain implementation support, and engage two contracted DevOps engineers. Establishing these capabilities before PAS implementation will reduce operational and cybersecurity risk, improve delivery efficiency, and prepare PERS to support future modernization and cloud-based services.

Filenet Upgrade:

PERS must transition from the legacy and no longer available IBM FileNet Case Foundation platform offering to IBM's newer replacement product Business Automation Workflow (BAW). BAW provides a more robust workflow tooling set and new advanced case management capabilities while largely leaving the document and records management functions intact. A BAW implementation is the sole upgrade path given from IBM.

This migration is required to maintain compliance with IBM's support schedule as legacy platforms are approaching end-of-life. IBM has given PERS 18 months to complete the BAW migration, and contractors will be needed to assist with this upgrade.

<u>jClarety UI/UX Modernization Project (JUMP) - $425,000</u>

PERS upgraded Red Hat JBoss Enterprise Application Platform to version 7.4 during the 2025–27 biennium and is now preparing to begin the second phase of its planned platform migration. The next phase will upgrade the Enterprise Application Platform to version 8.0, maintaining vendor support, improving performance, and providing a more secure and sustainable application platform.

This phased migration approach is recommended by Red Hat and provides a controlled transition path that reduces implementation risk, preserves system stability, and supports compatibility with existing applications and services. Key benefits include improved upgrade compatibility, reduced technical and operational risk, alignment with Red Hat's long-term support schedule, and improves security for the modernized Member Identity and Access Management (MIAM) project.

PERS plans to engage contracted technical resources to design, configure, implement, test, and deploy the upgraded platform while maintaining continuity of existing jClarety services. This work will help ensure a stable transition, minimize disruption to mission-critical operations, and establish a supported technology foundation for future modernization efforts.

MIAM: $750,000

The Member Identity and Access Management (MIAM) project is essential to strengthening the security, reliability, and resilience of PERS' member-facing digital services. MIAM uses PingOne Identity and related identity and access management capabilities to authenticate users, support multi-factor authentication, protect sensitive member information, and reduce the risk of unauthorized access, account compromise, fraud, and identity-based cyberattacks.
PingOne Identity is expected to be implemented during the 2025–27 biennium. Following implementation, PERS is planning to engage specialized contractors to assess and harden the MIAM platform and support future enhancements This work will include identifying and addressing security vulnerabilities, improving monitoring, and ensuring the environment aligns with applicable security standards and industry best practices. These activities are critical because MIAM protects access to confidential member information and must remain secure, available, resilient, and supportable as cyber threats and authentication requirements continue to evolve.
This next phase of the MIAM project will also prepare the platform for integration with the new Pension Administration System, which PERS anticipates procuring in late 2027. Specialized contractors will assist PERS in defining the future-state identity architecture, integration, security controls, data flows, authentication processes, and technical requirements necessary to connect MIAM securely with the new system.
Future-state architecture and design artifacts must be developed early to identify dependencies, reduce implementation risk, support vendor planning and procurement, and avoid costly redesigns during implementation of the new Pension Administration System.
Continued investment in MIAM will strengthen the agency's cybersecurity posture, improve the member authentication experience, protect confidential information, and establish a secure, scalable identity and access management foundation for PERS' broader modernization initiative.

Data Cleaning; $1M

To prepare for implementation of a new Pension Administration System (PAS), PERS must continue its data-cleansing activities to ensure legacy data can be migrated accurately, securely, and efficiently into a modern technology environment. Data cleansing involves identifying, correcting, standardizing, and preventing data defects and is a critical prerequisite for working with a commercial off-the-shelf Pension Administration System vendor.

By addressing data-quality issues before migration begins, PERS can reduce conversion errors, improve data integrity, identify potential migration challenges early, and support a more effective implementation of the new system. Clean, organized, and validated data can also be processed more efficiently, reducing the time, effort, and resources required for data conversion, reconciliation, testing, and analysis.

Early identification and correction of data issues will help avoid costly remediation during later stages of the project, reduce implementation risk, and provide long-term financial and operational benefits to PERS and the State of Oregon. This effort will require skilled contracted resources to support data cleansing, validation, and preparation for migration to the new PAS.

Foundational Architecture; $500,000

The PERS Enterprise Architecture team (PEAT) will oversee, develop and maintain future-state business, data, application, integration, security, and technology artifacts to support the PERS' modernization efforts. Using PERS' tailored TOGAF methodology, the team will produce target-state models, capability and value-stream mappings, portfolios, data and integration diagrams, standards, roadmaps, and governance artifacts.
In addition, the architects will need to ensure that the new PAS solution complies with the PERS standard architecture and infrastructure by analyzing and verifying architectural models and other various documentation from the PAS vendor and promoting them into the architecture repository called OrbusInfinity.

Contracted resources will be needed to support this effort to align RFP requirements and vendor designs with the approved future-state architecture, maintaining traceability in OrbusInfinity, identifying architectural gaps and dependencies, supporting stage-gate and the architecture review board (ARB), and implementation reviews.

Batch Jobs: SD20/SD21: $1M

PERS must stabilize the SD20 and SD21 batch processes, which are contributing to processing delays, general ledger reconciliation rework, and recurring overnight operational escalations. These issues are primarily associated with aging Java components, legacy SQL stored procedures, unstable database connections, and limited monitoring and visibility into batch performance and failures.

The work will focus on targeted stabilization and optimization rather than a complete system rewrite. PERS will update critical Java and SQL components, improve database connection stability, optimize high-impact stored procedures, strengthen monitoring and logging, and conduct comprehensive testing of general ledger, wage, and contribution processing.

The effort is expected to occur over approximately 24 to 30 months and will follow the system development life-cycle methodology, which includes performance analysis, solution design, development, testing, parallel processing, business validation, implementation, and production stabilization. PERS plans to engage skilled contractors to support this work. These improvements will reduce operational risk, improve processing reliability and performance, decrease manual reconciliation and support efforts, and help maintain the stability of the legacy Pension Administration System throughout the modernization initiative.

DOJ Fees; $100,000

PERS is required to receive legal sufficiency review from the Department of Justice for all contracts. Given the volume of contracting needs in the next biennium, this request is to set aside funding as a placeholder to account for this cost.

Key assumptions

- Procurement and contract negotiations with the selected Pension Administration System vendor will be completed late 2027.
- Adequate staffing and contractor resources will be available to support the planned efforts.
- Oversight and procurement processes and approvals are completed timely.
- The budget is sufficient for all planned activities.
- No new major mandates from the state legislature/government entity will be passed that will impact Legacy Stabilization and Technology Readiness efforts.

Alignment with mission and strategic plan.

- The PERS Modernization Program is a comprehensive, multi-year, enterprise-wide business transformation initiative aimed at reimagining how the Oregon Public Employees Retirement System (PERS) administers pension services. At its core, the program is focused on delivering sustainable, measurable benefits across people, processes, and technology, all in support of the agency's mission: paying the right person, the right benefit, at the right time.

Timeframe for implementation.

- The timeframe remains indeterminate and is expected to span multiple biennia. Once PERS completes procurement of a Pension Administration System vendor, the schedule will become more defined.

Staffing and Budgetary Impacts

2025-27

PERS received one-time Other Funds limitation totaling $6,688,780 for the 2025–27 biennium. This funding supports the following efforts:

- $3.7 million for a User Interface and User Experience design effort
- $1.9 million to complete Foundational Architecture Documentation
- $735,280 for Member Identity and Access Management solution subscription costs (originally budgeted under Package 105)
- $318,500 in contingency funding

During the February 2026 legislative session, PERS received an additional $938,000 for PAS planning projects. This brought the total funding for this POP to $7,626,780.

During the June 2026 Emergency Board, PERS received an additional $1.8M for DevOps Modernization for tooling and training for Hybrid Cloud computing.

2027-29

The anticipated impact to 2027-29 is estimated to be approximately $13,282,500 in services and supplies. PERS is requesting contractors to support the Legacy Stabilization & Technology Readiness efforts listed under the “Proposed Solution” section.

Quantifying Results

KPM #2, Total Benefit Administration Costs:
Reduce administrative costs while maintaining high levels of service to members and employers.

Consequences of Failure to Act

Failing to act would substantially elevate operational, financial, and service delivery risks for PERS. Without continued investment in Legacy Stabilization and Technology Readiness efforts, the agency’s legacy system will not remain viable for the next 8–10 years, jeopardizing PERS’ ability to Modernize. DevOps and Foundational Architecture are essential projects of this effort; without them, PERS cannot successfully transition away from aging systems that are increasingly costly, complex, and difficult to maintain. Preparing for Modernization is no longer optional, it is critical.

If action is not taken, technical debt will continue to grow, system reliability may erode, and the agency’s capacity to administer pension benefits accurately and on time could be compromised. Additionally, continued dependence on outdated technology may also lead to recurring audit findings, compliance issues, and reputational damage. PERS will face mounting challenges in responding efficiently to legislative or policy changes, meeting evolving member and employer expectations, automating processes and calculations that reduce expenses, and providing consistent, transparent, and timely services. Over time, these constraints could weaken confidence in the agency’s ability to meet its obligations.

Revenue Source (ORS 238.610)

Other Funds Limitation; Revenues to fund administrative expenditure are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

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Package 106 - Enterprise Risk Management

PERS requests $935,634 in Other Funds limitation for the Compliance, Audit, and Risk Division to develop and implement the agency's Enterprise Risk Management (ERM) program as well as enhance the PERS Information Security Program. This request is for two permanent positions: one Operations and Policy Analyst 3 to support an ERM Program and one Information Systems Specialist 5 to support the Information Security Program. This package also requests $361,000 for third-party risk management training and a subscription to governance, risk, and compliance solutions.

- Personal Services $552,383
- Services and Supplies $ 383,250
- Capital Outlay $0

Total Cost $935,633

Purpose

This proposal is intended to enhance the capabilities of the agency by implementing an ERM program, which ties together strategy and business plans using risk management methodologies as one of the key decision-making criteria.

PERS has an ambitious Strategic Plan for the 2025 – 2028 period and applying an ERM perspective is critical to supporting those strategies. There is a need to ensure all divisions have the appropriate focus on achieving success and understanding their division's contribution to that success. One means of ensuring that focus is to identify those areas with high levels of risk or opportunities, using formal risk management methodologies, and taking the appropriate steps to mitigate those risks or take advantage of opportunities as best possible. This includes not only the more obvious risks that need to be mitigated such as business continuity, disaster recovery, and information security, but also business risks such as the ability to attract and retain qualified personnel.

Proposed Solution

PERS has been working on building out its information security practice as well as its continuity management program (which includes disaster recovery and business continuity) over the last few biennia. While these efforts are independently important in reducing the agency's overall risk profile, they are not guided by an overarching ERM perspective, nor looked at in the context of the overall agency's business.

Traditionally, ERM programs are established to help guide risk mitigation efforts and decision-making processes. These programs are a visible sign of a risk mature organization. This opportunity to increase the agency's capabilities was originally identified as the agency began developing its 2019-21 Agency Budget.

As noted previously, PERS strives to ensure "risk" is considered in its decision-making process and establishing an agency ERM program will guide and mature its efforts. The agency has relied on management judgement and the intuitive application of risk principles. One of PERS' Operating Principles is to be judicious and use sound judgement and prudent, principled decision-making in upholding our fiduciary responsibility, however, the agency does not have a formal methodology in place to establish this principled decision-making process. An example of this shortcoming can be seen in the 2018 capability assessment, resiliency, and recoverability (CARR) review completed by Deloitte & Touche LLP. PERS contracted Deloitte to help develop and implement an industry standard continuity management program and in their assessment, they identified that having a robust risk management function is paramount to the success of the agency's Continuity Management Program.

In a separate but related assessment, this time reviewing the agency's information security program, the results were the same. Not having a well-defined risk management program may leave the agency and its members exposed to an inappropriate level of risk.

Other entities have also recognized the importance of establishing a formal risk management structure. In 2023, external auditors conducting our annual financial audit recommended PERS implement a formal ERM Program. In Report 2021-25 the Secretary of State Audits Division recommended the Enterprise Information Security office, "Establish and document an enterprise-level cybersecurity risk governance structure to establish risk management priorities, guide the risk management strategy, and define a minimum enterprise risk appetite." While this audit was conducted with the lens of information technology, the concept is important for all operations of the entity.

In every information security and continuity management program review, third party assessments have indicated the need for an agency "enterprise risk management" program. It's a common theme repeated each biennium.

Additionally, a recent study conducted by the National Conference on Public Employee Retirement Systems (NCPERS) found that the majority of larger public pension systems use formalized risk management frameworks. Of the larger pension systems (defined as more than $60B in assets, which would include Oregon PERS), over 72% reported using a formal risk management practice.

Similar to other state agencies, including other retirement systems, PERS has dealt with high impact challenges affecting them, including competing state and local priorities that are impacting PERS's ability to obtain the necessary resources to meet its mission objectives, tightening budgets, aging operating and technological infrastructure, and rising costs (e.g., pension funding, labor, etc.), among others.

Conversely, enabling the agency to engage in thorough risk management practices will allow PERS to focus on the risks and opportunities that could have the most significant impact on the organization. While we recognize that we do not need to have all of the answers to these and other risks, we do need to be more aware of the increasingly wide spectrum of risks affecting the Agency. We can then be more proactive; taking action to capitalize on new opportunities presented by the risks we face, avoiding what we can, and preparing for worst-case scenarios to lessen the damage of events that are out of our control.

PERS ERM program will encompass not only appropriate methodologies and practices but will embed a risk aware mindset in the agency's culture. However, this can only be obtained by putting in place staff to build out and maintain an ERM program, which establishes a governance framework that enables the agency to make strategic, tactical, and operational business decisions based on quantitative risk analysis. For example, we can:

- Enable strategy through risk-informed decision making;
- Allocate resources to address risk exposures;
- Identify potential risks on the horizon and develop insights and response strategies to them; and
- Challenge decisions to ensure alignment with the agency's risk appetite.

We will consider a number of ERM frameworks, including the COSO framework and ISO 31000. There are examples of other peer pension administrators using the COSO framework, which we could leverage in developing a PERS specific ERM program if appropriate.

In order to provide guidance to the agency staff, it is imperative that the agency define and manage agency risk. To this end, PERS is proposing to establish a Risk Management program, which will provide guidance on agency initiatives from overall strategy to technical solutions to business processes, thereby enabling the agency to focus on those tasks and projects that will benefit our members.

To achieve this goal, PERS will follow a structured approach for establishing its ERM program that can be customized to the mission and structure of PERS. While the actual sequencing of these components will be determined after a thorough analysis of the agency's goals, the following order of implementation is a reasonable assumption for preliminary planning considerations:

1. Establish the values, vision, and objectives of the ERM program.
2. Determine the desired maturity of the ERM program.
3. Socialize the vision of the ERM program.
4. Establish the ERM organization and governance structure.
5. Define an ERM framework.
6. Define and document ERM policies.
7. Establish an initial enterprise risk registry.
8. Develop and implement a strategic risk assessment process.
9. Develop a change management plan and communications strategy.
10. Conduct education and training to enhance a risk-informed culture for PERS.

In order to establish an ERM program, the agency would hire the requested Risk Analyst position who would then work with management to identify, develop, implement and monitor the agency's ERM program.

<u>OPA3 – Risk Management Analyst</u>

This a high-level professional that will be responsible for working with internal and external resources (i.e., DAS Risk Management) to ensure that 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-intelligence culture.

The operating funds requested will address the following:

- An external Risk Program assessment per biennium;
- Third party Risk Management training for agency staff;
- A subscription to a Governance Risk and Compliance solution, and
- Risk Management conferences, subscription fees to Risk Management Association (RMA) and NIST Risk Frameworks.
- Certification/re-certification through recognized risk certification body

Information Security Program

The Information Security Program has been in place since 2019. There is currently only one staff member dedicated to maintaining this very important program at PERS. Adding an additional resource would allow the program to be more strategic and proactive rather than reacting to the ever-changing landscape of security threats.

ISS5 – Security Analyst This a mid-level professional that will be responsible for working with the Senior Security Analyst to ensure that information security risk controls are developed, implemented, and managed. The position will be responsible for monitoring and addressing cyber risk as identified by both internal and external assessments.

Consequences of Failure to Act

The alternative course of action is to maintain the status quo with respect to doing risk management on an ad hoc basis, relying on solid management judgement and an intuitive application of risk principles. This current approach is not conducive to allowing the agency to readily evolve to become more risk aware and limits the agency's ability to have an enterprise risk-focused approach when making business and technological decisions. This will lead to the agency making non-uniformed and / or fragmented risk-based decisions, which could have the most impact on the agency's operations and strategies.

Without the requested funding, PERS will be unable to fully develop, implement, operate, and mature an Enterprise Risk Management program. Additionally, the Information Security Program will remain under-resourced, limiting its ability to operate proactively and increasing the agency's exposure to operational, technological, and security-related risks.

Staffing and Budgetary Impacts

2027-29

The anticipated impact to 2027-29 is estimated to be approximately $552,383 in personal services and $383,250 in services and supplies

Position #	Position	Status	FTE
2910667	X0872 OPERATIONS & POLICY ANALYST 3	PF	0.88
2910668	C1485 INFO SYSTEMS SPECIALIST 5	PF	0.88

Quantifying Results

Improved risk and security will help support the agency's mission to serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time. This policy option package specifically addresses the operating principle to be vigilant by taking ownership in the basic tenets of information security: confidentiality, integrity, and availability.

ERM will also assist agency leadership in developing strategic plans that identify the areas of greatest risk that should be monitored and addressed in accordance with the agency's risk appetite. It also addresses PERS' committee and board motions, external consultant recommendations as well as external auditor recommendations.

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 in the annual customer satisfaction survey throughout the 2027–29 biennium.

Revenue Source (ORS 238.610)
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

Package 107 - Dues and Subscriptions

PERS requests $2,093,000 in Other Funds limitation for the Information Services Division (ISD) to cover software and subscription costs, including licensing for Microsoft, Miro, Office Timeline, and RedHat, as well as telephony expenses and price increases for existing software such as VMware ESXi, Jira, SolarWinds, Rubrik, and PingID.

- Personal Services $0
- Services and Supplies $2,093,000
- Capital Outlay $0

Total Cost $2,093,000

Purpose

Oregon PERS Information Technology (IT) operational costs have greatly increased over the past three biennia and will continue in future biennia. Increased vendor licensing, service, and product costs are currently driving the ISD normal operating budget into a negative variance. PERS was granted a permanent increase for 2025-27, but 2027-2029 is forecasted to be negative in perpetuity if the budget is not increased to match new forecasts. PERS would also like to enhance its information security posture due to increased threat volumes that may threaten the agency's systems as well as the security and privacy of our members' personal information.

ISD's Technical Operations Section (TOS) is responsible for the agency's IT operations budget and with the increase in vendor costs for applications and support for both on-premises and cloud subscriptions, in addition to strategized, selected, and implemented technologies at PERS, a permanent increase is required to maintain its current systems.

Proposed Solution

PERS is requesting an increase to the Normal Operating Budget (NOB) in the amount of $2,093,000 for the 2027-29 biennium, which becomes part of the ongoing current service level budget.

The following list of expenses cannot be covered by the TOS normal operating budget or by DAS pricelist inflation factors in the 27-29 and ongoing biennia totaling $2M:

- M365 / Microsoft Licensing
- Vendor cost increases (10%)
- User license count increases (qty 25)
- PA license count increases (qty. 10)
- PowerApps Premium license renewals (qty 50)
- MS Copilot license renewals (qty. 50)
- Normal operating budget for Modernization headcount. Equipment (e.g., laptops and peripherals) is required for the requested FTE during the 27-29 biennium.
- DR and Continuity (Tigard Office)
- Added redundant Tigard Internet 4gbps added $31k/biennium to circuit expenses to support EIS SDWAN.
- Renewal budget for new software and support purchased in 25-27
- Miro (qty 37)
- Office Timeline (qty 10)
- RedHat OpenShift
- Observability Expansion
- Renewal of new telephony costs from 25-27 Telephony Modernization implementation
- Kyndryl
- AWS Connect (call center SaaS)
- Openscape (telephony SaaS)
- POTS lines (Ziply)
- Price increases for existing software and support renewals
- VMware ESXi Tigard Office
- Rubrik backup for Tigard infrastructure (workstation cluster not under managed services)
- Solarwinds
- Jira
- Ping Identity (moving to TOS budget from Security)
- ID Provisioning Service (moving to TOS budget from Security)

The current licensing and services used to support PERS are appropriate, and the rising costs are a part of doing business. PERS seeks to gain permanent ISD NOB budget increase to accommodate such changes that fall outside of DAS inflation.

Staffing and Budgetary Impacts

The anticipated impact to 2027-29 is estimated to be approximately $2,093,000 in services and supplies. There is no staffing associated with this request.

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 in the annual customer satisfaction survey throughout the 2027–29 biennium.

Consequences of Failure to Act

Status quo. ISD normal operating budget will be strained and some licensing and service renewals will be rejected due to lack of funds. Risk of loss of productivity should software licenses and services be disallowed from continuing.

Revenue Source (ORS 238.610)
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

Package 108 - Information Services Division Staffing

PERS requests $1,167,716 in Other Funds limitation for the Information Services Division to support staffing and classification needs. This request includes funding for one permanent Information Systems Specialist 5 for desktop support and one permanent Information Systems Specialist 5 to support Modernization and Maintenance & Enhancement (M&E) activities throughout the program and beyond. It also includes two permanent Information Systems Specialist 6 positions for application support administration and oversight of IT asset management. Additionally, this package requests the reclassification of two Information Systems Specialist 4 positions to Information Systems Specialist 6.

- Personal Services $1,124,966
- Services and Supplies $42,750
- Capital Outlay $0

Total cost $1,167,716

Purpose

The following outlines the need for increased budget resources to support PERS locations, staff, and systems essential to administering the state's pension program, consistent with its fiduciary responsibility to ensure accurate and timely benefit delivery. ISD's Technical Operations Section (TOS) manages over $3 million in IT assets annually, including thousands of physical devices, software licenses, and support contracts, but growing operational demands have exceeded current staffing capacity. Rising hardware and software costs, increased complexity from remote work, longer procurement timelines, and additional project-driven requirements have contributed to audit findings, service delays, outdated processes, SLA breaches, and inconsistent asset management.

Proposed Solution

To strengthen application support, PERS proposes adding a senior Application Support Administrator (ISS6) to provide continuity, subject-matter expertise, and reduced reliance on contractors. The Information Systems Division further requests reclassifying two ISS4 Data Application Analyst positions to ISS6 Software Application Developer roles, reflecting the agency's need for secure, scalable enterprise applications built on modern platforms and addressing longstanding issues related to supplemental applications developed outside standard controls. This reclassification supports compliance with governance, SDLC, and security requirements while offering potential savings through improved efficiency and reduced contractor use. Additionally, the Business Systems Analysis Section (BSAS) seeks to add a Business Systems Analyst (ISS5) in the 2027–29 biennium to support Modernization, ongoing M&E work, and the transition from jClarety to the PAS system, ensuring the agency has a well-prepared analyst team to manage future workload and system changes effectively.

Budget Narrative

Staffing and Budgetary Impacts

2027-29

The anticipated impact to 2027-29 is estimated to be approximately $1,124,966 in personal services and $42,750 in associated services and supplies.

Position #	Position	Status	FTE
2910872	C1485 INFO SYSTEMS SPECIALIST 5	Permanent	0.88
2910869	C1486 INFO SYSTEMS SPECIALIST 5	Permanent	0.88
2910870	C1486 INFO SYSTEMS SPECIALIST 6	Permanent	0.88
2910871	C1485 INFO SYSTEMS SPECIALIST 6	Permanent	0.88

Quantifying Results

Ability to assign work from all IT intake sources, thereby positively affecting the service levels for pending work and reducing the number of deferred items. Responsiveness and expected SLAs can be maintained by funding the new positions and reclassifications.

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 in the annual customer satisfaction survey throughout the 2027–29 biennium.

Consequences of Failure to Act

The alternatives evaluated for improving IT asset management, application support, and analyst capacity show significant limitations in maintaining current service levels without additional staffing. Under the status quo, Help Desk and TOS would continue managing purchases, inventory, and audit remediation, but rising workload, overtime demands, process inconsistencies, and SLA breaches would persist. Assigning IT asset management duties to an existing position would further delay service delivery, increase overtime, and strain staff already performing extensive daily responsibilities. Adding a new ISS6 ITAM Analyst would provide the most effective solution by establishing clear accountability, improving processes, reducing errors, and fulfilling audit recommendations. For application support, maintaining only one junior staff member would result in minimal service levels and increased dependence on contractors, while distributing work among Help Desk staff would still require outside support for higher-level system administration. For BSAS, alternatives such as no new position, work-out-of-class assignments, or contractor backfill fail to provide the necessary jClarety and OSA expertise, create staffing gaps, or require additional resources. Overall, the alternatives highlight that without dedicated positions, the agency will face ongoing inefficiencies, increased risk, and reduced capacity to support modernization and operational demands

BUDGET NARRATIVE

Revenue Source (ORS 238.610)

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

Package 109 - Policy and Compliance Staffing

PERS requests $490,142 Other Funds limitation in the Compliance, Audit, and Risk Division for the continuation of two limited duration Operations and Policy Analyst 1 positions due to increased and sustained workloads.

- Personal Services $477,142
- Services and Supplies $13,000
- Capital Outlay $0

Total cost $490,142

Purpose

PERS is requesting continuation of two limited-duration OPA1 positions approved in the 2025 legislative session, as ongoing workload demands justify extending them into the 2027–29 biennium. PACS continues to experience significantly higher-than-anticipated volumes of Notice of Entitlement (NOE) and Notice of Distribution (NOD) disputes, which have required OPA2 Policy Liaisons to devote approximately half of their time to dispute processing, limiting their ability to take on additional dispute types such as Data Verifications (DVs). PACS is also facing a growing backlog in IRC 415 testing, a complex and required compliance function, complicated further by workflow issues generating thousands of additional queue items. In addition, PACS is preparing to undertake a multi-year effort to build a comprehensive, searchable policy repository. Unlike prior file digitization efforts, the policy materials are scattered across formats and require extensive manual metadata entry, making the project likely to take three to five years. Due to existing workload constraints, only current determinations have been added so far, underscoring the ongoing need for the continued OPA1 positions.

Proposed Solution

Continue the two new LD OPA1s to handle non-complex disputes, conduct required IRC 415 testing, basic research in support of the policy team, back up the Policy Liaisons (OPA2s), back up the Business Rules Writers, back up the Records Officer, work on the repository project (this will require evaluating each item), and assist in other organization projects (evaluating and revising measures, refining detailed procedures, possibly handling risk management cases).

Staffing and Budgetary Impacts

The anticipated impact to 2027-29 is estimated to be approximately $477,142 in personal services and $13,000 in services and supplies.

Position #	Position	Status	FTE
2711025	C0870 OPERATIONS & POLICY ANALYST 1	LD	1.00
2711026	C0870 OPERATIONS & POLICY ANALYST 1	LD	1.00

Quantifying Results

PACS will be able to fulfill its Centers of Excellence responsibilities of handling all agency disputes; the IRC 415 backlog will be cleaned up and regular testing will be performed timely, resulting in less risk exposure for plan qualification; the Policy Repository will be fully functional sooner; the OPA1s will be able to help out in other areas where backlogs may otherwise build up (i.e. business rules when implementing new legislation). This will also provide backup to the increasing workload of the Records Officer.

This policy option package specifically addresses the agency's core values and operating principles, particularly the principle to be professional, in which we are responsible, respectful, and sensitive to the needs of our members, employers, and staff.

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 in the annual customer satisfaction survey throughout the 2027–29 biennium.

Consequences of Failure to Act

This is a workload issue that we hope to address with these positions. They were approved for 25-27, but as limited duration. This is an ongoing workload issue, so we would like to continue these positions in the 27-29 biennium, which will give us an opportunity to evaluate these positions for possible permanent status, or find other solutions.

Revenue Source (ORS 238.610)

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

Package 110 - Death Identification

This package increases Other Funds expenditure limitation by $219,438 for in the Operation Division by adding one permanent Operations and Policy Analyst 1 (OPA1) position.

• Personal Services	$208,750
• Services and Supplies	$10,688
• Capital Outlay	$0
Total Cost	$219,438

Purpose

PERS seeks to establish a dedicated resource to address the ongoing challenge of unreported deaths among benefit recipients. In instances where unreported deaths occur to a current benefit recipient, the system is placed at risk of making unrecoverable overpayments. A limited-duration OPA1 previously assigned to death-related projects demonstrated significant value by identifying hundreds of unreported deaths, preventing substantial improper payments, and completing numerous projects to pay out death benefits and reduce liabilities. However, with the expiration of that position, current Death Unit staff lack the capacity to continue these critical efforts while maintaining the competing priorities of daily operations.

Since the expiration of that position, new third-party death-match processes which utilize the vital records of states, have revealed hundreds of additional unreported deaths. These additional records require extensive verification that further tax existing staff capacity. Without a dedicated position to manage ongoing death-identification and benefit-correction work, PERS risks continued overpayments, growing backlogs, and reduced ability to meet key operational metrics.

Proposed Solution

Add 1 FTE OPA1 position to focus on mitigating the risk of invalid and fraudulent death payments. The FTE will be responsible for: Executing the strategic solution by reviewing, validating and processing the identified deaths, including:

- Suspending benefit payments
- Request improperly paid out funds
- Identify beneficiary
- Send notification
- Resolve other issues

Perform annual validations of high-risk benefit recipients including but not limited to:

- Out of country
- Uncovered jurisdictions
- High age

Staffing and Budgetary Impacts

2027-29 fiscal impact

The anticipated impact to 2027-29 is estimated to be approximately $208,750 in personal services and $10,688 in services and supplies.

Position #	Position	Status	FTE
2911073	C0870 OPERATIONS & POLICY ANALYST 1	PERM	0.88

Quantifying Results

This staffing increase will allow PERS to maintain controls to reduce potential fraud and allow PERS to more consistently administer death benefits.

Benefits include:

- Decrease in overpayments.
- Decrease in unsuccessful reclaims.
- Reduced staff time looking for unreported deaths.
- Reduced overtime needed to address current workload.
- Reduced backlog accumulation.
- Standardization of processes and procedures that impact efficiency in functional areas such as survivor benefits and member account maintenance.
- Reduced administrative costs while maintaining high levels of service to members and employers.
- Improved core process, KPMs, key goals, outcome, and performance results.

Key Performance Measure #2

Total Benefit Administration Costs

Consequences of Failure to Act

If this position is not approved, there will be increased backlogs, decreased service levels, higher potential overpayments and/or fraudulent activity, and decreased member satisfaction.

Revenue Source (ORS 238.610)
Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

Package 111 - Deferred Maintenance

PERS requests $433,880 in Other Funds for the Central Administration Division to support facility maintenance during the 2027–29 biennium in alignment with HB 3409.

- Personal Services $0
- Services and Supplies $433,880
- Capital Outlay $0

Total cost $433,880

Purpose

Oregon PERS's Tigard Headquarters (HQ) was constructed in 1997 and has been in continuous operation for nearly three decades. As the facility enters this phase of its lifecycle, Oregon PERS faces increasing pressure to address aging infrastructure, deferred maintenance, evolving space needs, and compliance with new statutory requirements, most notably HB 3409. While the facility continues to support core operations, the organization lacks a long-range, integrated framework for prioritizing and sequencing facility investments in a manner that is both fiscally responsible and compliance ready.

Historically, facility investments at Tigard HQ have been addressed through reactive maintenance and discrete, project-by-project decisions, rather than through a comprehensive, long-term strategy. While this approach supports short-term operational continuity, it does not provide leadership with a holistic understanding of asset condition, remaining useful life, risk exposure, or the optimal sequencing of investments over time. As building systems and site infrastructure continue to age, this reactive model increases the risk of unplanned failures, higher lifecycle costs, and missed opportunities to coordinate improvements.

At the same time, HB 3409 establishes clear expectations for energy use, benchmarking, and emissions reduction for state facilities. Compliance with HB 3409 cannot be addressed effectively through isolated projects alone; it requires a thoughtful, phased, long-range plan that aligns facility condition, system performance, capital investment, and compliance milestones. While Oregon PERS has begun foundational compliance activities, there is currently no unified framework that connects facility planning, deferred maintenance, and HB 3409 compliance into a single decision-making model.

This Policy Option Package will provide resources to address deferred maintenance and other priority projects identified through the Long-Range Facility Plan (LRFP) being developed by LRS Architects. The LRFP will serve as a foundational planning document that defines the agency's current, intermediate, and future facility needs and establishes a strategic framework for investment.

Proposed Solution

PERS has developed a two-pronged approach to tackling the deferred maintenance, space use, and sustainability needs of the building. The first part of the strategy, which is currently underway, is a thorough assessment of the building including engagement with staff, and externally interested parties, which will culminate in a Long-Range Facility Plan. This authoritative document will then be delivered to the PERS Executive Leadership Team, PERS Diversity, Equity, Inclusion, & Accessibility (DEIA) Committee and the PERS Safety Committee. The DEIA Committee as well as the Safety Committee will then utilize the plan to make recommendations based on their governance focus to the PERS Executive Leadership Team.

The second prong to this strategy is to request the necessary funding to actualize outcomes from the plan. The funding provided through this policy option package will be utilized to fund each project as prioritized by the PERS Executive Leadership team. The ELT will use the recommendations from the DEIA Committee and the Safety Committee, as well as the risk assessment provided in the LRFP to use the funding judiciously to sequentially tackle the infrastructure needs.

In future biennia the ELT will utilize the LRFP and recommendations from the governance committees to directly name planned projects in policy option package requests.

Staffing and Budgetary Impacts

The anticipated impact to 2027-29 is estimated to be approximately $433,880 in services and supplies. This figure represents two percent of the current CRV and should be considered a placeholder value until the LRFP is finalized. SB 1067 (2017) allows for two percent of CRV for deferred maintenance costs on state owned buildings.

Quantifying Results

Reserving funding authority enables long-term cost avoidance, including:

- Reduced emergency repairs through proactive planning;
- Improved sequencing and bundling of future projects;
- Avoidance of rushed or inefficient compliance actions;
- Better alignment of investments with asset lifecycle timing; and
- Improved fiscal stewardship through ELT-guided prioritization

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 in the annual customer satisfaction survey throughout the 2027–29 biennium.

Consequences of Failure to Act

The need for this policy option package is supported by several factors: the age of the Tigard headquarters facility (constructed in 1996), increasing lifecycle risks associated with aging building and site systems, the absence of a prior comprehensive long-range facility plan, new statutory requirements under HB 3409, and the necessity of establishing a defensible, long-term framework to guide future capital and maintenance investments. If the policy option package is not funded, the building will continue to accrue deferred maintenance costs. These costs are anticipated to grow as inflationary factors increase in for both construction supplies and construction labor costs.

While the LRFP has contemplated the cost of future projects and applied inflation to those projects-based on LRS Architects proposed sequence of project initiation in the future, it is paramount to begin to address the deferred maintenance in AY 2029. This will position PERS for success in complying with other statutory obligations for building energy sustainability and seismic retrofitting.

Revenue Source (ORS 238.610)

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

Package 112 - Tax Remedy

PERS requests $219,438 Other Funds limitation for the Operation Division to add one Limited Duration Operations and Policy Analyst 1 (OPA1) position.

- Personal Services $208,750
- Services and Supplies $10,688
- Capital Outlay $0

Total cost $219,438

Purpose

PERS is proposing a legislative concept for the 2027 session to address issues related to tax remedy certification forms. Tax remedy provisions were originally established in response to the 1991 Davis v. Michigan decision, which resulted in PERS benefits becoming subject to Oregon income tax. Senate Bill 656 (1991) and House Bill 3349 (1995) created benefit increases up to 4 percent and 9.89 percent respectively to offset this tax liability for eligible Tier One members.

Subsequent legislative changes in 2011 (HB 2456) and 2013 (SB 822) eliminated tax remedy for members whose benefits are not subject to Oregon income tax, significantly narrowing eligibility. Today, tax remedy eligibility is primarily determined by using tax return data provided annually by the Oregon Department of Revenue, supplemented by member self-certification. The self-certification process, however, is vulnerable to misunderstanding and potential misuse.

An internal audit identified discrepancies between information reported on residency certification forms and members' actual tax-filing circumstances. Given improved data sharing with the Department of Revenue and reduced reliance on self-certification, PERS is exploring legislative options to improve the current certification process.

Proposed Solution

Eliminate members' ability to self-certify for more than two years in a row if the member has not filed an Oregon income tax return for either of the previous two tax years indicating that the benefits are subject to Oregon income tax, based on Department of Revenue data. An exception already exists for members whose income is under the Oregon income tax filing threshold.

After making this statutory change, PERS would benefit from establishing a staff member to review and verify the new eligibility criteria for filing a residency certification form. While the number of residency certification filings should go down, this increased scrutiny on the form will require dedicated staff time. The staff member will begin as a Limited Duration staff member, in anticipation of a higher workload right after the bill passes. As PERS continues to educate members about when to file a residency certification form, we will continue to monitor to see if the workload justifies continuing this staff member on a permanent basis.

Staffing and Budgetary Impacts

The anticipated impact to 2027-29 is estimated to be approximately $208,750 in personal services and $10,688 in services and supplies.

Position #	Position	Status	FTE
291107	C0870 OPERATIONS & OPLICY ANALYST 1	LD	0.88

Quantifying Results

- The agency believes that, with proper rollout and education of members, as well as the increased sophistication of the current report from the Oregon Department of Revenue, the proposed solution will be more cost-effective, produce more accurate tax remedy payments, and ensure lawful access to tax remedy for all eligible PERS retirees.
- Reduced administrative costs while maintaining high levels of service to members and employers.
- Improved core process, KPMs, key goals, outcome, and performance results.

Key Performance Measure #2,

Total Benefit Administration Costs

Consequences of Failure to Act

Other potential solutions include currently verifying information stated on every single residency certification form that the agency receives. In calendar year 2025 (including the four month “grace period” retirees have to submit a 2025 form), PERS processed approximately 10,000 residency certifications (both on paper and through our online member services system). This solution would require significantly more FTE than the current solution.

Another solution would be to prohibit the residency certification form all together. This solution would not allow members who do not appear on the Department of Revenue’s yearly list to receive tax remedy. While this solution would be more administratively feasible, it would exclude a group of members that we know should be receiving tax remedy (for example, Tier One retirees whose yearly income is below the filing threshold for state income tax) that the agency could not identify through only considering the Department of Revenue report.

Although the above two solutions are feasible alternatives to establishing this LD position, neither completely or efficiently addresses the quality, timeliness and completeness need administratively. By not securing a position, gaps in processes, increased workload and potential quality issues will be much more likely.

Budget Narrative

Revenue Source (ORS 238.610)

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

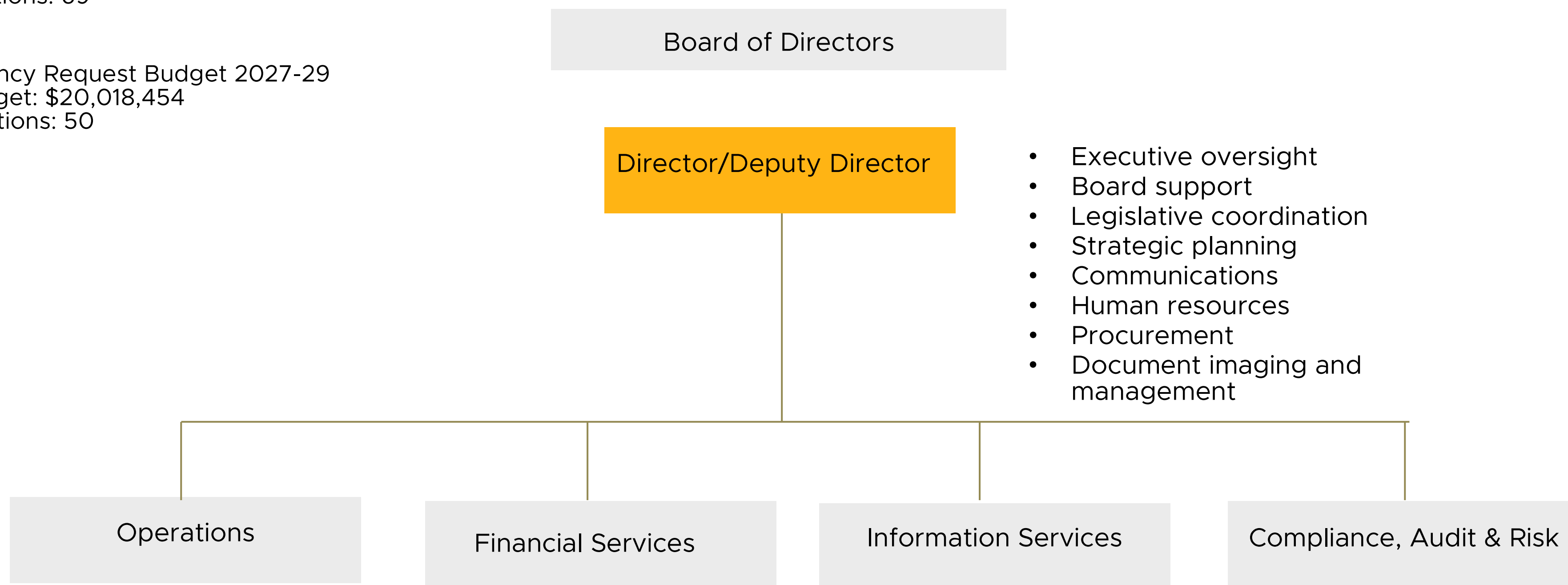
Budget Narrative

Central Administration

Program contact: Kevin Olineck, 503-603-7695

Leg. Approved Budget 2025-27:
Budget: $25,213,565
Positions: 69

Agency Request Budget 2027-29
Budget: $20,018,454
Positions: 50



Central Administration Division Sections

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.

Director's Office	Communications	Central Data Management	Central Business Support	Human Resources
4/4.00 FTE	10/10.00 FTE	3/3.00 FTE	23/22.88 FTE	10/9.88 FTE
Executive leadership Board support services Executive assistant Legislative support	External strategy and Implementation Internal dissemination and awareness Print and digital media Agency brand standards Communications oversight and support Change management support	Central data management	Contracts and procurements Contract administration Lease management Mail and forms services Facilities maintenance Courier/fleet services Records management services (electronic and physical media) Imaging	Organizational development and training Employee relations Compensation and classification Recruitment Benefits OFLA/FMLA/ADA/ Paid Leave Oregon

Budget Narrative

Executive Summary — Central Administration

Program Overview

Central Administration, in conjunction with the PERS Board, provides leadership and support services necessary to achieve the agency's key goals in support of the mission, vision, and core values and operating principles. Services are provided to all departments throughout the enterprise. The division is recognized as the center of excellence in developing solutions for and implementing critical agency decisions, projects, and legislation.

Currently, the division consists of the following sections:

- Director's Office:
  The Director's Office leads the overall development and administration of all agency programs, personnel, budgets, and planning and projects to ensure efficient and effective delivery of member benefits and employer services, advancement of the agency mission, compliance with state legislative mandates and federal regulatory requirements, and achievement of PERS Board policies and strategic plan.

- Communications:
  The Communications Section takes a leading, enterprise role in developing and guiding a comprehensive communications and publications program for the agency. The section creates strategies and processes to inform multiple audiences about various aspects of PERS, both the agency and the system. This section is charged with maintaining external and internal web sites, supporting the agency and external constituents in and with communications, creative services, and multimedia needs; supporting internal and organizational change management communications; and supporting areas of the agency with forms creation, revision, and maintenance, as well as participating in the policies and procedures workflows.
  The Communications Section supports the communications and informational needs of the agency and focuses on three main audiences: PERS members, PERS-participating employers, and PERS internal staff.

  The section fulfills six agency-critical functions:
  - Developing and implementing external communications strategy and content.
  - Creating and maintaining publications and productions (print, digital, and multimedia).
  - Curating content to engage members and PERS-participating employers.
  - Communicating with and for legislators and constituents, in conjunction with the Senior Policy Advisor in her role as legislative coordinator.
  - Responding to media requests and directing requests to appropriate representatives, when necessary.
  - Communicating with agency staff, facilitating communications for other organizational support sections, and providing communications support for agency projects and executive communications.

- Human Resources:
  The Human Resources unit interprets the collective bargaining agreement, state and agency policies, state, and federal employment laws and provides human capital support. On a regular and daily basis, we interact with PERS staff, DAS Human Resources staff and advisors, Department of Justice Employment Law Attorneys, Bureau of Labor and Industries, recruitment candidates, and new hires. External interactions and HR continuous education provides Executives, agency leadership, agency

staff as appropriate with information on statutes, policies, diversity, equity and inclusion efforts, state initiatives, and succession planning requirements.

HR is responsible for establishing human resource and training objectives, goals and implement training modules that support agency and state initiatives. We are committed to organizing, communicating, and sharing information on wellness, diversity, equity, inclusion, safety, benefits, classification outcomes and more. .

- Central Business Support:
  Central Business Support consists of two separate units providing essential services to support PERS operations – Procurement, and Logistics and Facilities Support.

  - **Procurement Unit**

    The Procurement unit is responsible for the agency's contracting, purchasing, and contract administration functions. Activities include the development of agreements for numerous types of services and goods, solicitations for vendor selection, market research, risk and cost analyses, leases for agency offices, purchases, and other tasks. Procurement is responsible for the high-level oversight and administration of all agency agreements and contracts for the purpose of ensuring compliance with terms, conditions, law, and fulfillment of obligations and deliverables by contractors. Procurement also provides multiple procurement-oriented trainings to agency management and staff on acquisition matters and advises leadership on acquisition matters.

  - **Logistics and Facilities Support (LFS)**

    The Logistics and Facilities Support unit is responsible for the agency's mail, forms fulfillment, receiving and distribution, courier and agency fleet services, headquarters building, equipment maintenance, oversight of leased facilities maintenance, and emergency and safety incident response. Activities include processing mail containing highly sensitive information inbound from and outbound to PERS members and retirees, printing and mailing, processing checks sent to the agency, monitoring and maintaining physical plant equipment and systems operations, receiving and distribution of all goods, coordinating office environment and safety-related incident responses, coordinating and/or performing staff workstation changes, coordinating building service contractors, and other tasks.
    Enterprise Content Management (ECM) exists within Logistics and Facilities and joined LFS in May 2024 because of a re-organization in the Information Services Division. The team contributes to the agency's information governance development and compliance functions and collaborates with the Records Officer to provide records management services as required by ORS 192 and OAR 166. ECM is responsible for digitizing incoming physical documents as well as migrating legacy filmed images to electronic formats in support of business users. This activity also provides research functions that support internal and external agency needs.

    The CBS manager is the agency's Designated Procurement Officer (DPO) and oversees all unit operations. The LFS Supervisor provides direct oversight of maintenance, mail, and all facilities services. All Procurement and LFS staff are cross trained to perform all tasks in their respective service areas, with the goal of optimizing service delivery to the section's customers.

Program Funding Request

POP 103—Modernization Supporting Position

Contained within the PERS Modernization Support policy option package the Central Administration Division is seeking several positions to support the agencies ongoing efforts to deploy not only an omnichannel Pension Administration system but tackle the other aspects of the modernization equation outside of just technology, but also people and process.

As such, CAD is seeking the following positions to be added within the units that support the agency as enablement functions and the creation of a new unit to coordinate data standards, data cleaning, and data stewardship functions across PERS.

Central Business Support Unit

Procurement & Contract Specialist 3 (Limited Duration) – This position will extend the capacity of your procurement unit with respect to IT purchases and solicitations tied to modernization efforts.

Human Resources Unit

Due to the size, scope, and nature of the PERS Modernization it necessitates additional human resource professionals. The areas of need are in talent recruitment and talent management. The HR unit is seeking two permanent Human Resource Analyst 1 (HRA1). Each will fill a needed role within PERS to continue the modernization. One of the HRA1s will act as a recruiter, and the other HRA1 will act in a generalist capacity to aid in periods of extensive recruiting, and to act as a cross functional member of the team in areas of special leave, investigation support, and on boarding support.

Communications Unit

The Communications unit is seeking two permanent roles for continued support of the modernization effort, a Public Affairs Specialist 2 (PAS2) and an Electronic Publishing Design Specialist 3. The Communications Section— as an essential support function for member engagement and PERS modernization—has had its effectiveness significantly undermined by recent budget decisions, resulting in the loss of a key staff member, reliance on temporary funding for another, and heightened risk that members, participating employers, staff, and external oversight bodies will not receive timely, accurate, or comprehensive information about modernization, legislative changes, and agency initiatives. These staffing reductions diminish the section's capacity to deliver critical communications and force reliance on short-term solutions that cannot sustain the agency's long-term needs. Additionally, current training allocations are insufficient for the technical and professional development required of Communications staff, as the limited budget generally allows for only a single annual training opportunity—far below what is needed to maintain a skilled, adaptive, and well-prepared workforce.

Strategic Data & Analytics Unit

PERS seeks to further support its Modernization effort, by developing a unit that will be entrusted with enablement and self-service of data and analytics across the agency. The Strategic Data & Analytics Unit comprises the following positions:

Strategic Data & Analytics Officers (Research, Analytics, and Statistics Manager 3) will serve as the senior leader within PERS data governance structure, and will work with its Data Governance Committee to evolve the maturity of data governance within PERS. This is in alignment with the Data Strategy that PERS developed with the aid of external consultants to drive data fluency and see data as an asset within the agency.

In addition, PERS seeks additional professional support within the unit to drive this change including three Data Analysts (Research Analyst 3), a Data Quality Lead (Research Analyst 4), a Data Life Cycle Coordinator (Operations & Policy Analyst 3), and a Business Intelligence Specialist (Research Analyst 2)

Creating this unit is integral in preparing PERS for future success, developing a team that treats data an asset will create the needs of the Modernization Program – and become the third part of the infrastructure alignment between technology, modernization, and business led data integrity.

Package 111 — Facilities Modernization & Deferred Maintenance

Oregon PERS's Tigard Headquarters, now approaching 30 years of continuous operation, faces mounting challenges related to aging infrastructure, deferred maintenance, evolving space requirements, and new statutory obligations under HB 3409. While the building continues to support daily operations, the organization lacks a long range, integrated framework to strategically prioritize facility investments, moving past its historic pattern of reactive, project by project decisions. This absence of a coordinated approach increases risks such as unplanned failures, higher lifecycle costs, and misaligned or delayed investments. At the same time, HB 3409 demands phased, comprehensive planning that ties together facility condition, system performance, capital investment, and compliance milestones—something isolated projects cannot achieve. Without an approved governance and funding framework to act on future long-term planning, Oregon PERS cannot respond nimbly to identified needs, risks fragmented or delayed decisions, may fall into reactive compliance, and is limited in its ability to articulate a coherent, forward-looking strategy to stakeholders, including the Legislature.

Under this policy option package, PERS seeks to leverage the corresponding output of a Long-Range Facility Plan (LRFP) that will be performed by a third-party architectural consultant. The LRFP will act as the NorthStar for the executive leadership team at PERS and provide data on deferred maintenance, facility upgrades, facility space planning, as well as sustainability opportunities to lower the building energy use footprint. The LRFP will also be indexed with inflationary factors provided by the consultant, so the projected pricing does not become stale over time, allowing PERS to be judicious in its future planning efforts. The plan should be completed prior to the legislative session, and PERS ELT will have crafted the appropriate figures for planning facility projects in advance of the 27-29 biennium.

Program Justification and Link to Long-Term Outcomes

The Central Administration Division takes an enterprise view of agency performance via the PERS Outcome-Based Management System. Below are examples of the measures that are tracked quarterly and how they are reported to the PERS board.

Green — At or above acceptable levels

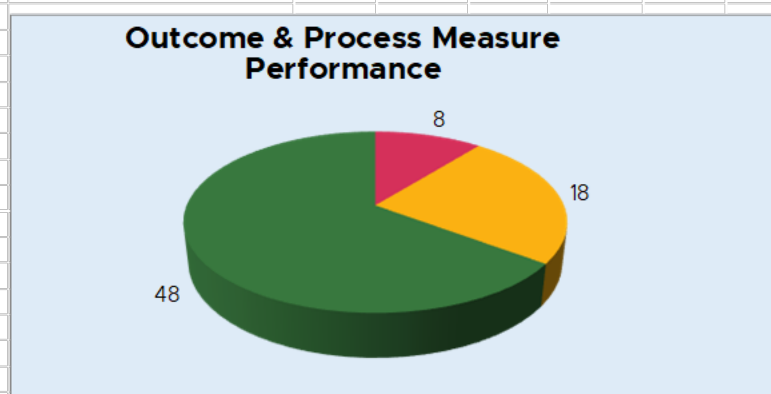
Yellow — Needs attention to advance into acceptable levels

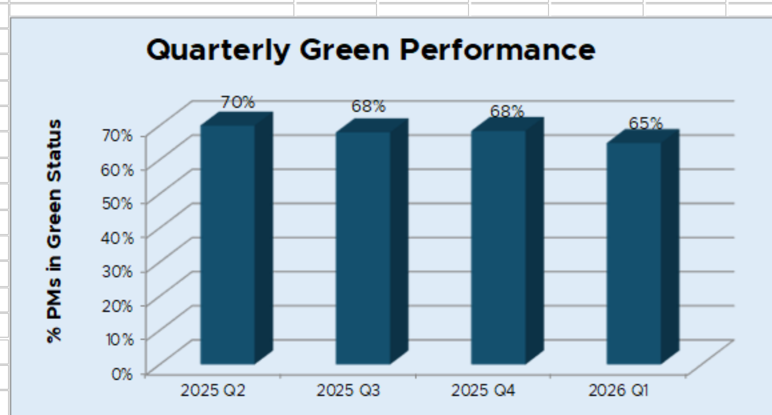
Red — Problem area; manager reports on corrective action plan

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

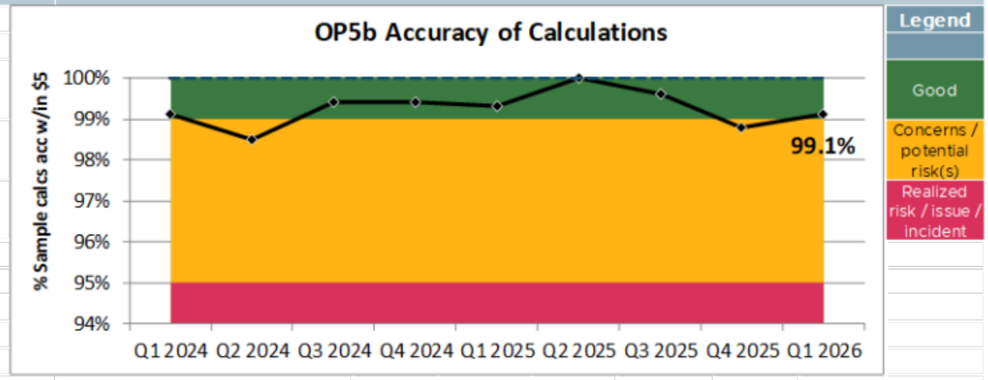
Outcome-Based Performance Review

2026-Q1 Overall Performance (Quarter ending March 2026)

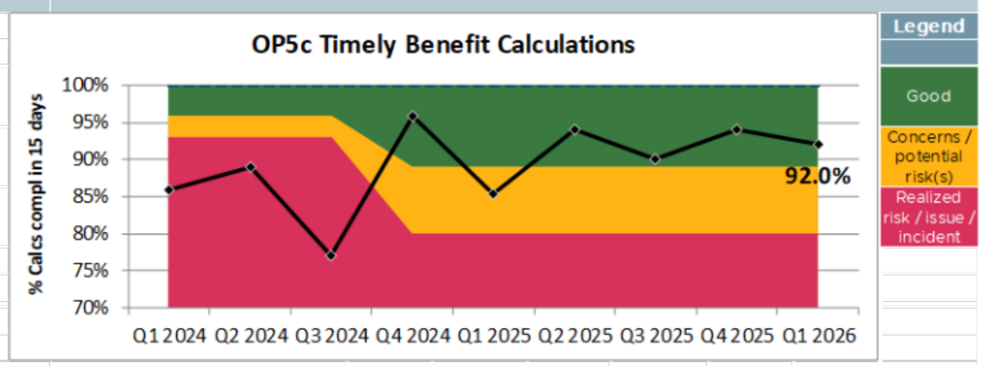




	Measure name	Measure calculation	Target	CY 2024	CY 2025				CY 2026
				Q4	Q1	Q2	Q3	Q4	Q1
OP5b	**Accuracy of calculations**	% of sample calculations that are accurate within plus or minus $5	**100%**	99.4%	99.3%	100.0%	99.6%	98.8%	99.1%
Comment / Corrective Action:									



	Measure name	Measure calculation	Target	CY 2024	CY 2025				CY 2026
				Q4	Q1	Q2	Q3	Q4	Q1
OP5c	**Timely benefit calculations**	% of calculations completed within 15 calendar days from completed application date	**100%**	95.8%	85.4%	94.0%	90.0%	94.0%	92.0%
Comment / Corrective Action:									

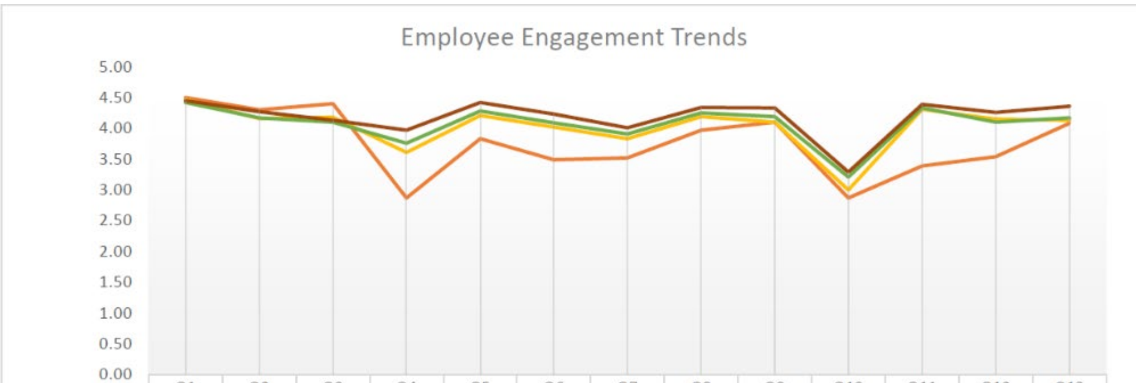


Budget Narrative

The Human Resources Section surveys and tracks employee-engagement trends, which allows the leadership team to focus on specific areas.

In 2025, the survey response rate was 80% and with increases in each of the 13 questions. The three questions with reduced scores did not have significant reductions in scoring.

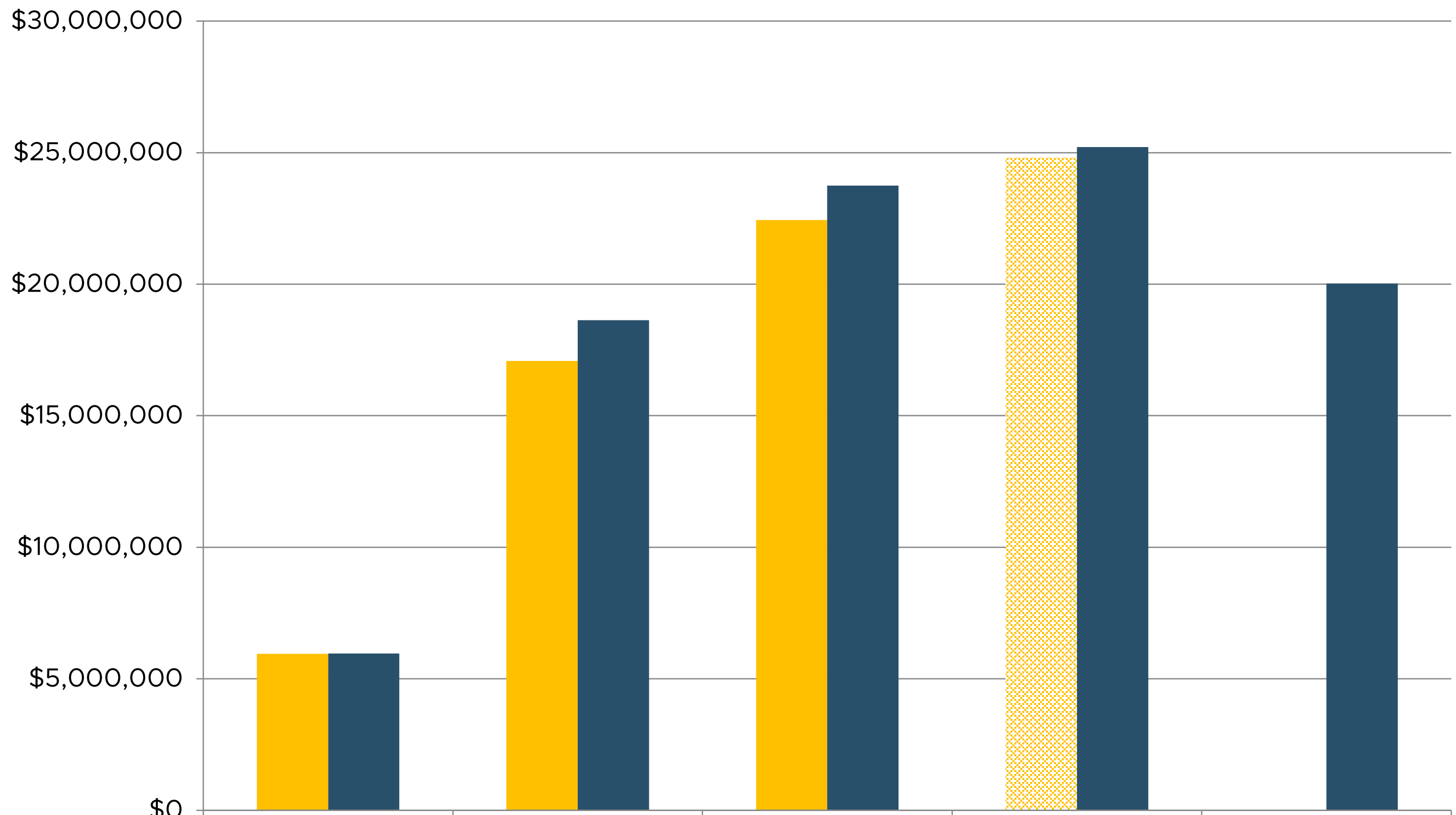
- Q4 — “In the last seven days, have you received recognition or praise for doing good work” increased from 3.76 to 3.97.
- Q12 — “This last year, I have had opportunities at work to learn and grow” increased from 4.10 to 4.26.
- Q13 — Overall satisfaction increased from 4.17 to 4.36.



	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13
2022	4.50	4.30	4.40	2.87	3.83	3.49	3.52	3.97	4.10	2.87	3.39	3.54	4.08
2023	4.47	4.16	4.18	3.61	4.21	4.02	3.83	4.19	4.10	3.00	4.31	4.15	4.13
2024	4.42	4.17	4.10	3.76	4.28	4.09	3.91	4.25	4.19	3.21	4.33	4.10	4.17
2025	4.45	4.27	4.13	3.97	4.42	4.23	4.01	4.34	4.33	3.29	4.39	4.26	4.36

Budget Narrative

Program Budget Performance



	2019-21	2021-23	2023-25	2025-27 *	2027-29 ARB
Actuals	$5,950,613	$17,080,936	$22,435,589	$24,799,079	
Leg. Approved Budget	$5,958,740	$18,629,604	$23,750,198	$25,213,565	$20,018,454

*2025-27 Actuals are estimated.

Budget Narrative

Enabling Legislation/Program Authorization

Enabling legislation for PERS operations (administrative costs) are:

- Oregon Revised Statutes (ORS) 237.500; 238.490, and 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 $99 billion PERS Fund, represent less than eight basis points (0.08%). 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 2025-27

Requested Limited Other Funds decreased by $5,195,111 from the 2025–27 operating budget of $25,213,565 due to moving 19 positions from this division to the Modernization Division. This funding level will continue to enable the agency to maintain current service delivery levels while enhancing performance measurements in the areas of process improvement and technology.

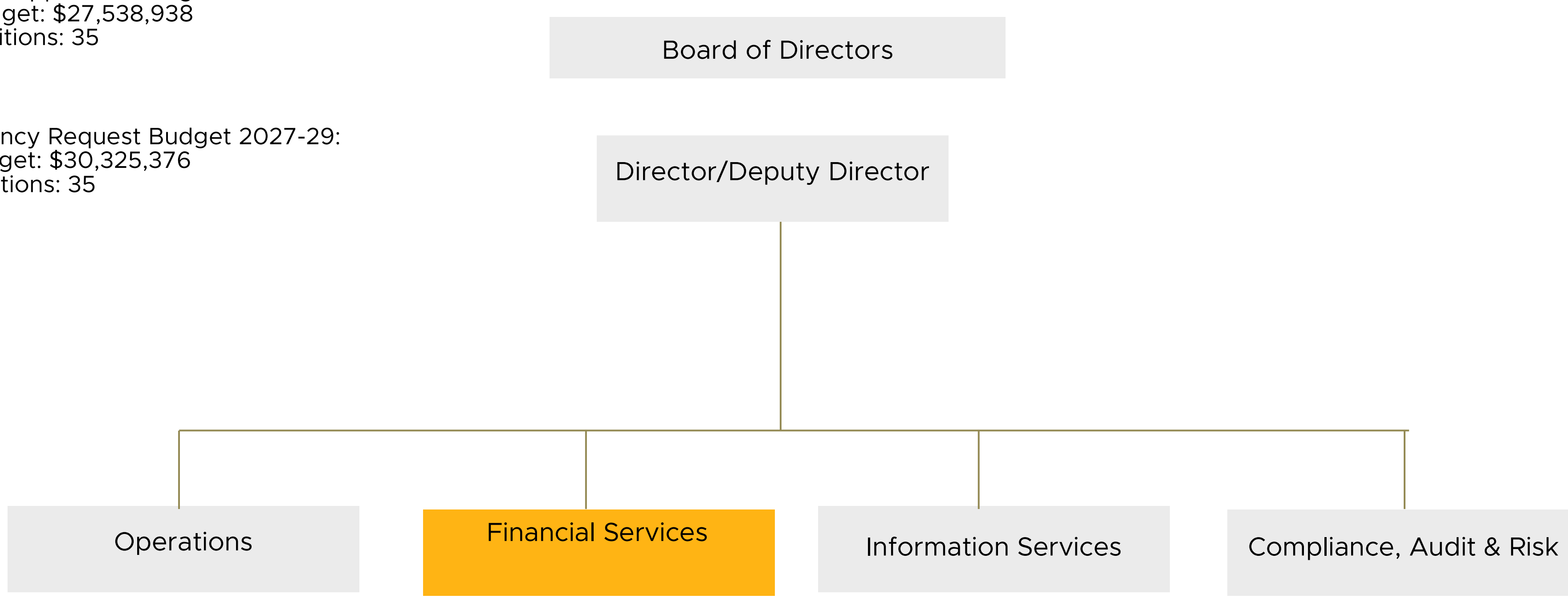
Budget Narrative

	Amount	FTE
Total 2025-27 LAB	25,213,565	68.76
	Amount	FTE
Base budget limited	26,862,999	69.00
Essential packages limited		-
Pkg. 010 Non-PICS Personal Services Vacancy Factor	(100,024)	
Pkg. 021 Phase In		
Pkg. 022 Phase Out Program and One Time Costs		
Pkg. 031 Standard Inflation	264,621	
Pkg. 032 Above Standard Inflation		
Pkg. 060 Technical Adjustment	(7,443,022)	(19.00)
Subtotal essential packages	(7,278,425)	(19.00)
Subtotal current service level	19,584,574	50.00
Agency Request Budget Policy Package		
Pkg. 111 Deferred Maintenance	433,880	-
Subtotal policy packages	433,880	-
2027-29 Total agency request budget	**20,018,454**	**50.00**

Financial Services Division
Program contact: Richard Horsford, 503-270-0721

Leg. Approved Budget 2025-27:
Budget: $27,538,938
Positions: 35

Agency Request Budget 2027-29:
Budget: $30,325,376
Positions: 35



- Actuarial services
- Financial modeling
- Budget and fiscal
- Contributions/banking
- Financial reporting
- Taxes

Financial Services Division Sections

Admin	FRS	ACTS	AAS	BFAP
2/2.00 FTE	9/9.00 FTE	14/14.00 FTE	4/4.00 FTE	6/6.00 FTE
Executive leadership Support services Executive assistant	Responsible for actuarial outcomes and interpretation ACFR Earnings crediting computations Valuations Quarterly, calendar year-end, fiscal year-end, 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	Actuarial liaison Program research Actuarial reporting	Budget management Payroll Accounts payable Fiscal impact(s) Biennial forecasting Monthly, quarterly, and annual budgetary statements

Executive Summary — Financial Services

Financial Services Division (FSD) has a diverse and broad scope of responsibilities. FSD provides comprehensive financial services to the agency. This includes financial accounting, reporting, actuarial, 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.

The division is responsible for managing all the financial and human capital resources of the agency. Through FSD management, we disburse over $7.1 billion annually in member and beneficiary benefits and receive $4.2 billion in member and employer contributions that are invested in the PERS fund.

FSD business functions include preparation and reporting of the agency's biennial budget, coordination of actuarial services, financial reporting, fiscal analysis, accounts receivable, payroll*, tax reporting, and* accounts payable. There are total of five program areas:

- Executive support services.
- Financial reporting.

- Accounting, cash and tax.
- Budget, fiscal analysis and payroll.
- Actuarial services.

Support Services

Support Services provides technical management resources for FSD 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 as well providing direction 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 communication to internal interested parties 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 *Annual Comprehensive Financial Report* (ACFR) in compliance with generally accepted accounting principles (GAAP), Governmental Accounting Standards Board (GASB) pronouncements, and regulations 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. 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 acts as the primary point of contact for the annual audit, ensuring that information is provided timely in a clear, transparent, and accurate manner.

Accounting and Cash Transactions Section

The Accounting, Cash and Tax Section (ACTS) is responsible for the accounting and financial operations for the pension fund, benefit equalization, Social Security Administration, deferred compensation, health insurance programs (RHIA, RHIPA and SHRIA), cash receipts, and accounts receivable programs. The section is responsible for the receipt, reconciliation, posting, and tracking of over $5 billion in funds annually for the trusts and programs. Responsibilities include the processing and management of negotiable instruments such as checks, wire transfers, and bank account authorizations, 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), and the Standard Retiree Health Insurance Account (SRHIA). The section is responsible for PERS' 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 and federal regulations and laws, and maintain adequate financial internal controls to meet the internal financial reporting requirements of PERS.

Budget Narrative

Budget, Fiscal Analysis and Payroll

The Budget, Fiscal Analysis and 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 State Chief Financial 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 processing employee travel requests and expense reimbursements. BFAP is also responsible for submitting the agency's annual risk report to DAS/Risk Management.

Actuarial Activities

Actuarial Activities is responsible for a broad array of actuarial calculations, analysis, and reporting related to the overall pension system and its participants. Work is highly technical and requires a high degree of statute, policy, and 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 a consulting actuary firm and Oregon employers. Recent initiatives have centered on working with participating employers to increase understanding of actuarial valuations, contribution rates, and unfunded actuarial liabilities.

Program Justification and Link to Long-Term Outcomes

Certificate of Achievement

The Certificate of Achievement for Excellence in Financial Reporting is applicable for the year ended June 30, 202~~3~~4. The system has received a Certificate of Achievement for the last 34~~3~~ consecutive years.

Award for Outstanding Achievement in Popular Annual Financial Reporting
In 2024 PERS published it's first Popular Annual Financial Report was recognized by the Government Finance Officers Association with this award.

Public Pension Standards Award
The Public Pension Coordinating Council (PPCC) awarded the 2025 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).

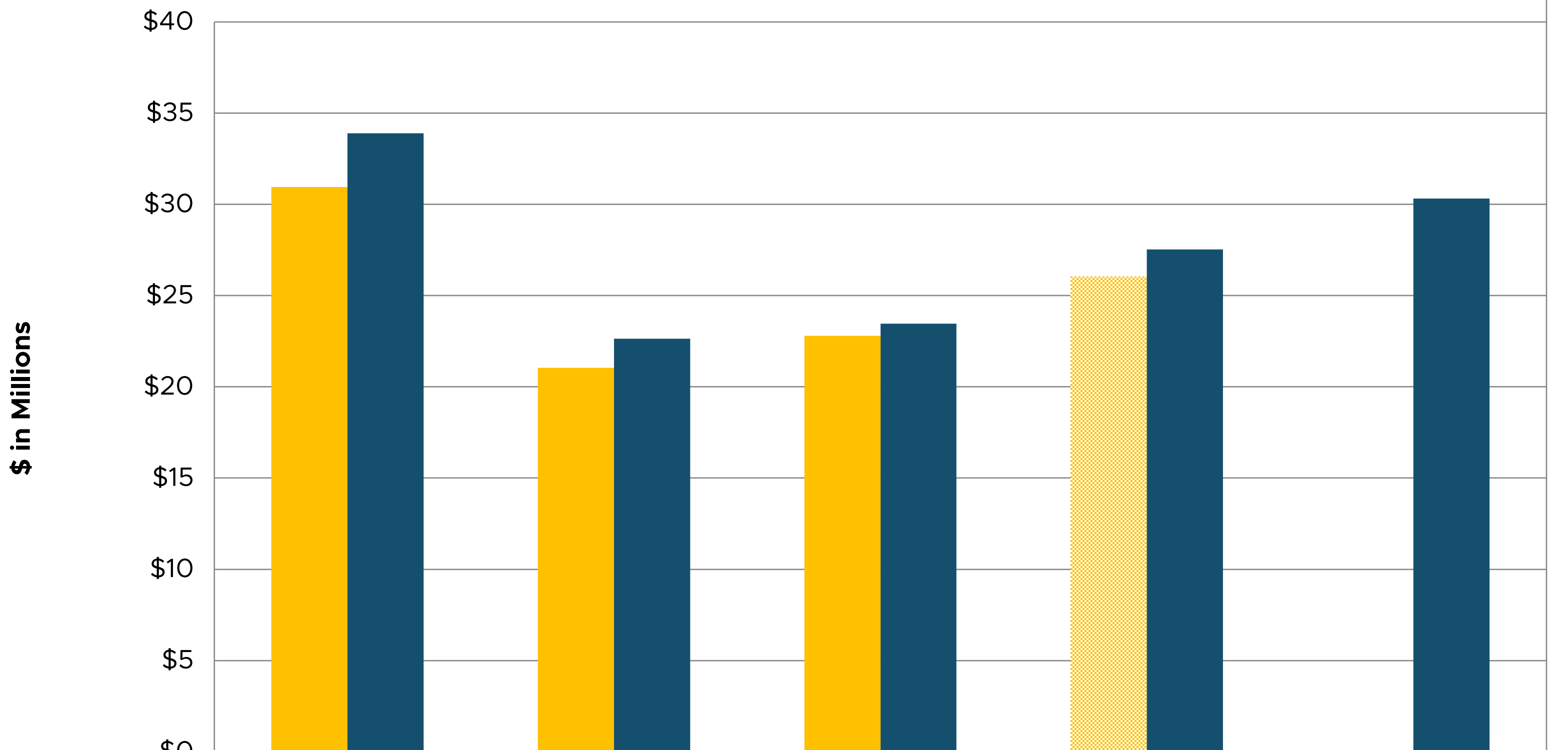
Public pension standards are intended to reflect minimum expectations for public retirement system management and administration and to serve as benchmarks by which all defined benefit public plans are measured.

This is the 24th year the PPCC has offered the award to public retirement systems and the 23rd consecutive year PERS has applied for and received the award.

Employer Programs (SB 1049)
Actuarial activities played a pivotal role in the implementation of Unfunded Actuarial Liability Resolution Program (UALRP) as directed through SB 1049. These programs include a series of learning guides and forecasting tools aimed at assisting employers in understanding and managing their pension liabilities and costs. Ongoing interactions with employers and related stakeholders continue to build system-wide skills to manage pension costs into the future.

Budget Narrative

Budget Performance



	2019-21	2021-23	2023-25	2025-27 *	2027-29 ARB
Actuals	$30,956,299	$21,047,086	$22,797,005	$26,031,505	
Leg. Approved Budget	$33,896,372	$22,641,148	$23,470,503	$27,538,938	$30,325,376

*2025-27 actual is estimated.

BUDGET NARRATIVE

Enabling Legislation/Program Authorization

Enabling legislation for PERS operations (administrative costs) are:

- Oregon Revised Statutes (ORS) 237.500, 238.490 and 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 $99 billion PERS Fund, represent less than eight basis points (0.08%). 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 2027-29

Requested Limited Other Funds reflect an increase of $2,786,438 over the 2025-27 operating budget of $27,538,938 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.

	Amount	FTE
Total 2025-27 LAB	27,538,938	34.88
	Amount	FTE
Base budget limited	28,136,082	35.00
Essential packages limited		-
Pkg. 010 Non-PICS Personal Services Vacancy Factor	(37,454)	
Pkg. 021 Phase In		
Pkg. 022 Phase Out Program and Onetime Costs		
Pkg. 031 Standard Inflation	2,226,748	
Pkg. 032 Above Standard Inflation		
Subtotal essential packages	2,189,294	
Subtotal current service level	30,325,376	35.00
Agency request budget policy package		
Subtotal policy packages		
2027-29 Total agency request budget	**30,325,376**	**35.00**

Budget Narrative

Information Services Division

Program contact: Jordan Masanga, 503-603-7702

Board of Directors

Leg. Approved Budget 2025-27:
Budget: $37,092,013
Positions: 73

Director/Deputy Director

Agency Request Budget 2027-29:
Budget: $44,546,562
Positions: 77

Operations

Financial Services

Information Services

Compliance, Audit & Risk

- Business information and technology
- Enterprise application
- Technical operations
- Quality assurance

Information Services Division Sections

EAS	BSAS	TOS	DevOps	Administration
21/20.88 FTE	13/12.88 FTE	23/22.78 FTE	12/12.00 FTE	8/8.00 FTE
Software development life cycle (SDLC) Application design Systems analysis Software development services Database design Quality assurance	Business system analysis Clarify business requirements Develop application software Configure vendor solutions Define business rules	Application support Infrastructure Help desk/call center Desktop support Database administration Information systems specialist	Software tool dev Report generation Development operations (DevOps) System administration	IT project management PERS Enterprise Architecture team IT QA process IT risk management IT metrics IT contracts administration General division administrative support

Budget Narrative

Executive summary — Information Services Division

Program Overview

Information Services Division (ISD) provides information technology (IT) services to support the infrastructure, systems, databases, and applications for staff at PERS. ISD consists of the Technical Operations Support (TOS) Section, Business Systems Analysis Section (BSAS), Enterprise Application Section (EAS), Development Operations Section (DevOps), 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 description

Technical Operations Support (TOS) Section 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 structure.
- 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 are outlined in the unit organizational chart.
- Desktop Support — An extension of Help Desk providing tier II support. This area is also responsible for the IT Infrastructure Library (ITIL) framework and systems to provide IT services to the agency. Functions and responsibilities are outlined in the unit organizational chart.
- Infrastructure — Systems engineers and network engineers are responsible for designing, implementing, and maintaining technology that meets all business needs. Considered to be 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.

Enterprise Application Section (EAS) provides the maintenance, enhancements, and software development life cycle (SDLC) process to support the Oregon Retirement Information Network (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.

Developers in EAS work with business system analysts 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 to the QA Test Team and business stakeholders to start the QA acceptance process, which includes user acceptance testing. Once the release is signed off by the project team, the solution is turned over to production for the release management process.

Business Systems Analysis Section (BSAS) focuses on documentation and testing business system requirements that specify how a business system supports/enables work activities in a business process along with the user roles performing the work activities in a business process or in a decision-making role.

The business systems analyst works with operations business analysts to clarify business requirements in terms of an information technology (IT) solution to a business problem. An example of this would be understanding the needs leading up to the development of application software or configuring a vendor solution. The focus of the business systems analyst is working with subject matter experts to clearly define the business rules that the solution needs to support at a much finer level of granularity than a business analyst.

The business systems analyst works with system architects and software developers to help them understand the IT solution that needs to be created for a business problem.

Development Operations Section (DevOps) is made up of people with skills in development, operations, and quality assurance. Some team members focus on the software development process, while others will focus on quality and system operations (system administration). The members work together to provide stable management of system and software releases via DevOps processes known as continuous integration (code integration management), and continuous deployments and infrastructure automation (systems deployments and configuration management).

The DevOps team works closely with release management to support the development and operations teams to facilitate a culture of collaboration and shared responsibility that plans, organizes, builds, tests, releases quality code, and deploys system and software releases, which support agency operational requirements for IT solutions.

Program Funding Request

Package 107 Information Services Division- Dues and Subscriptions

PERS is requesting $2,093,000 in Other Funds limitation for the Information Services Division (ISD) for the 2027–29 biennium. This increase is needed to address rising software, licensing, and telephony costs that have grown significantly over the past three biennia. Without an adjustment to the normal operating budget (NOB), ISD's Technical Operations Section (TOS) will face a permanent deficit beginning in 2027–29, driven largely by vendor price increases, expanded licensing needs, and renewals for both on-premises and cloud technologies.

The additional funding covers increased costs for Microsoft M365 licensing, RedHat, VMware ESXi, Jira, SolarWinds, Rubrik, telephony modernization services, AWS Connect, Openscape, and various new and existing software renewals. Several modernization-related expenses also require permanent budget inclusion.

There are no Personal Services or Capital Outlay requests; the entire $2,093,000 is for Services and Supplies. No staffing impacts are associated with this request.

Package 108 -IT Staffing

PERS requests $1,167,716 in Other Funds limitation for the 2027–29 biennium to support essential staffing and classification needs within the Information Services Division (ISD). This funding includes four permanent positions—two Information Systems Specialist 5 roles and two Information Systems Specialist 6 roles—to strengthen desktop support, Modernization and M&E activities, application support administration, and IT asset management. The request also includes the reclassification of two existing ISS4 positions to ISS6 to reflect evolving technical requirements and ensure secure, scalable application development aligned with governance, SDLC, and security standards.

The increased staffing capacity is intended to address growing operational demands across PERS locations, systems, and user support, reduce reliance on contractors, improve service continuity, and remediate audit findings tied to outdated processes and asset management gaps. Additionally, BSAS seeks an ISS5 Analyst to support future workload related to Modernization, M&E efforts, and the transition from jClarety to PAS.

The total cost includes $1,124,966 in Personal Services and $42,750 in Services and Supplies, with no Capital Outlay. All requested positions are permanent and support long-term operational stability.

By funding these positions and reclassifications, PERS will strengthen responsiveness, uphold expected service-level agreements, reduce deferred work items, and support key performance measures related to benefit administration costs and customer service satisfaction. This request ensures the agency maintains adequate and skilled staffing to meet its fiduciary responsibilities and support ongoing technology modernization efforts.

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.

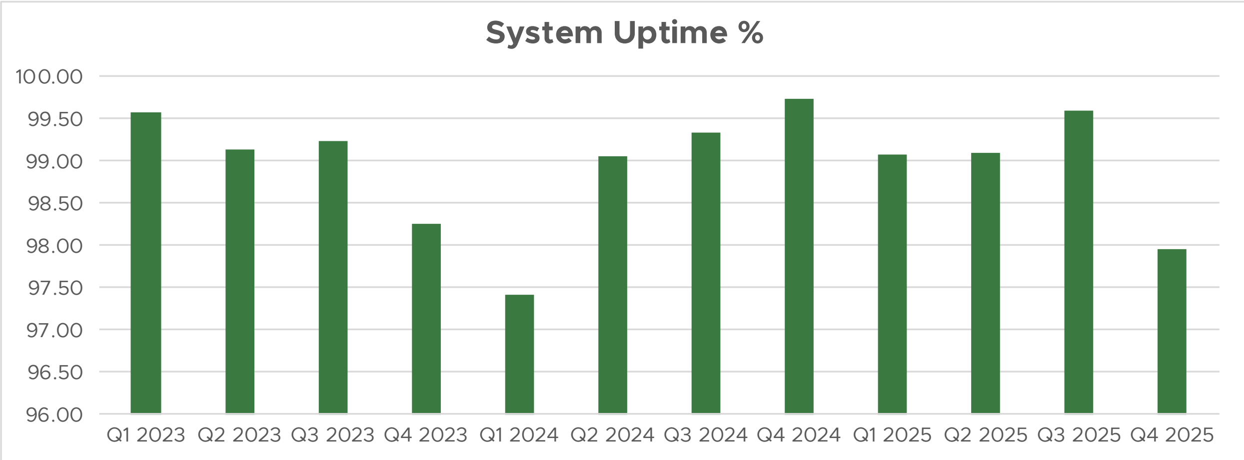
The following metrics indicate volume and performance in the Technical Operations Support Section (TOS):

TOS worked with all PERS divisions to create service-level agreements (SLA) and then applied those definitions in our service management application. Incident and service request tickets use these SLA definitions to help us track our performance in those areas:

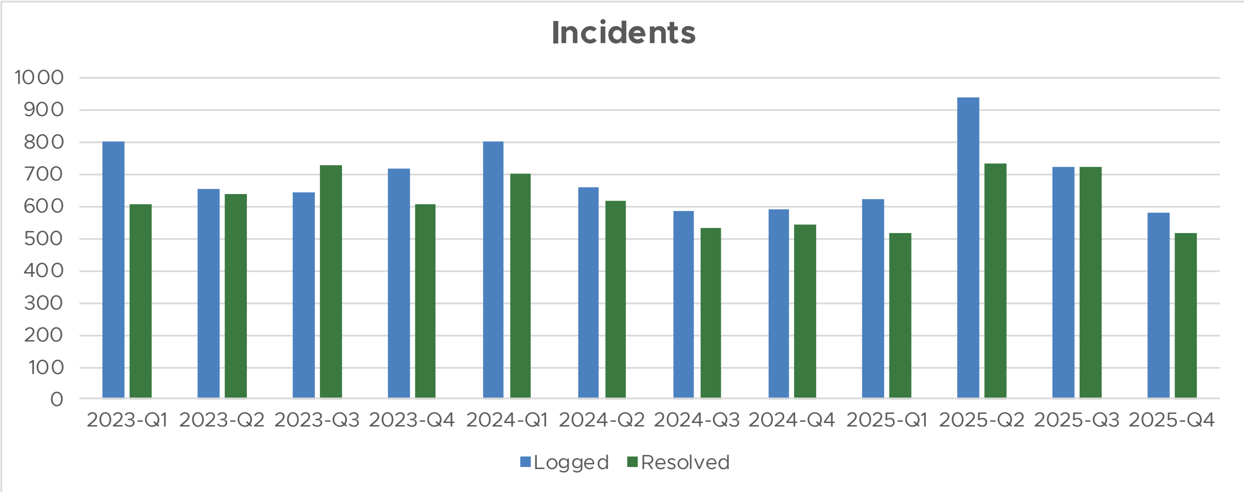
- Number of site locations supported: 2
- Number of staff supported over last 5 years: 460+
- Average monthly task count per TOS team member for 2025: 46

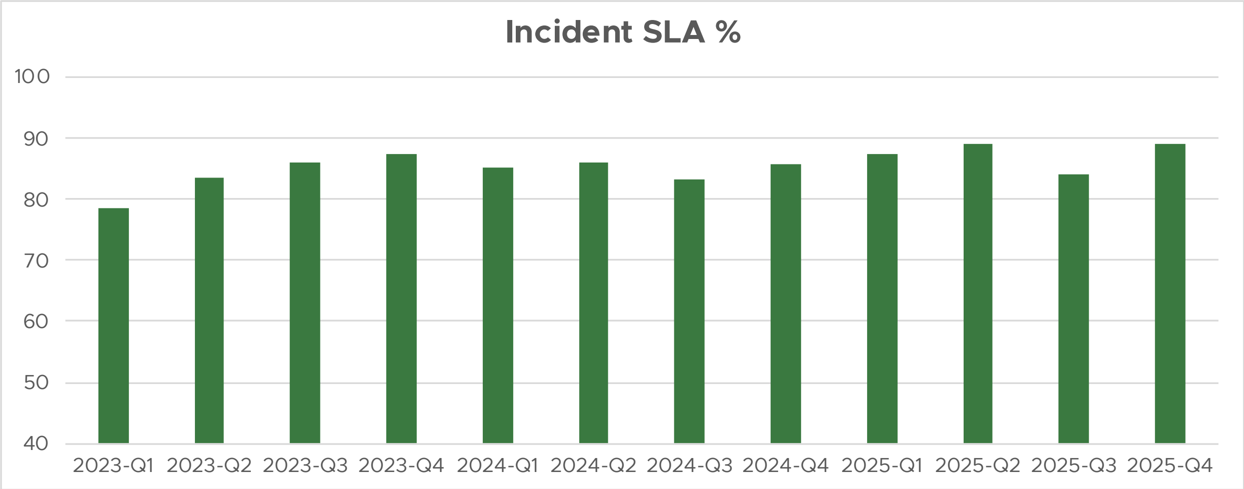
Budget Narrative

Program Performance

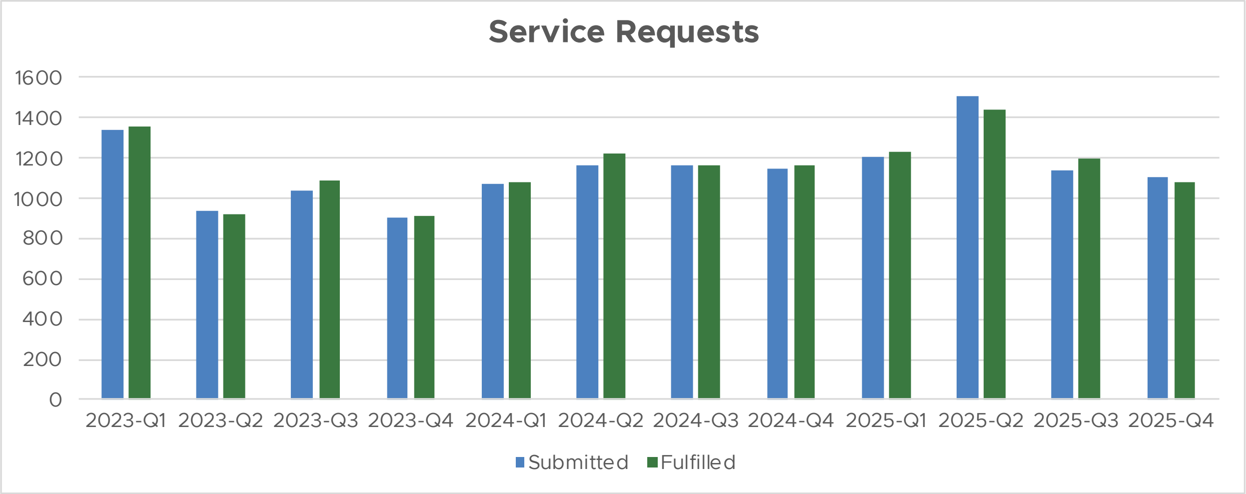


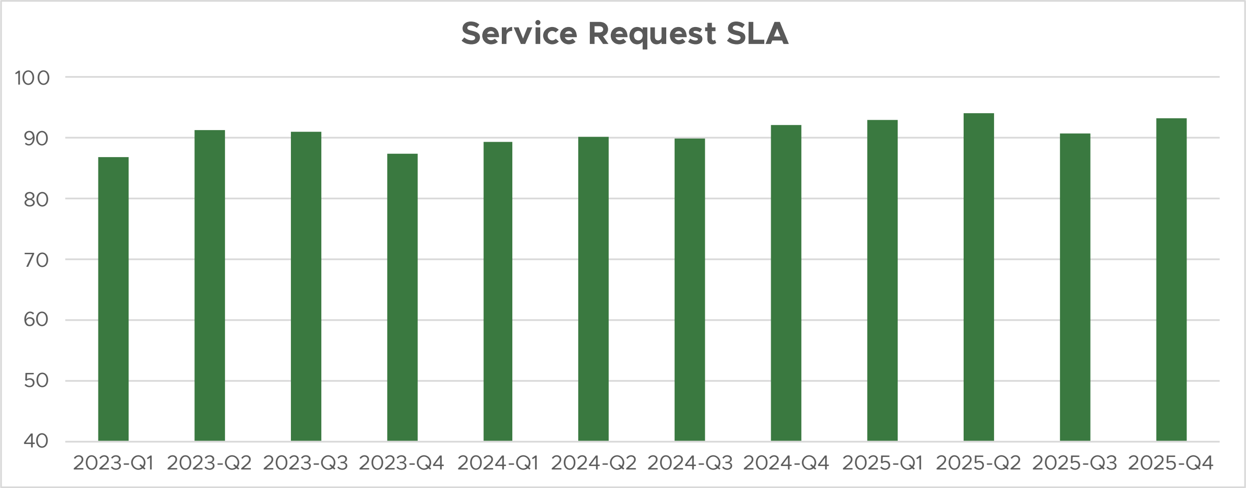
Incidents are unplanned interruptions or reductions in quality to an IT service. These metrics indicate the volume of incoming incidents and the amount the teams completed in those periods. A higher SLA compliance level indicates a better service level to the agency because issues are being resolved in a timely manner.



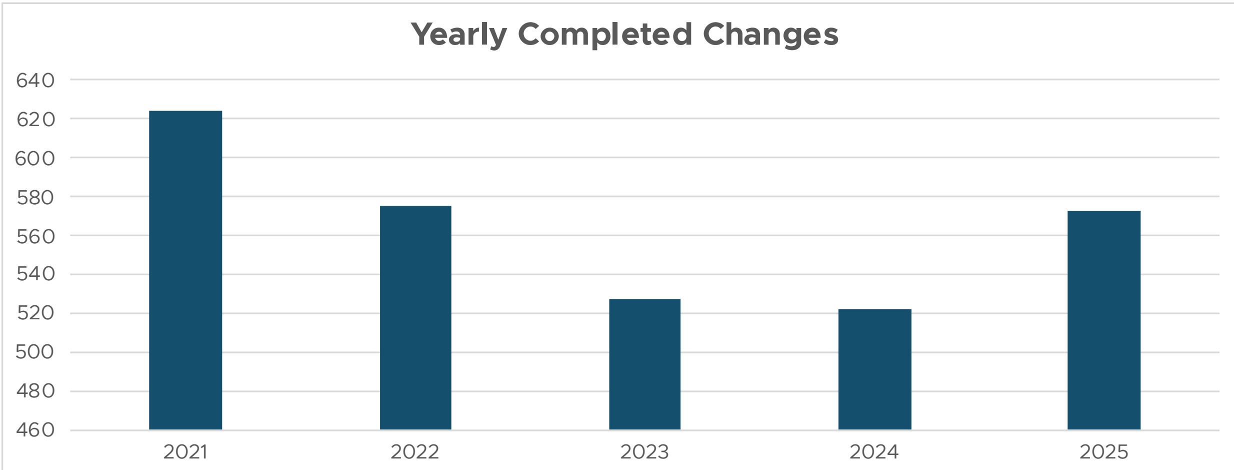

Incident SLA %
100
90
80
70
60
50
40
2023-Q1
2023-Q2
2023-Q3
2023-Q4
2024-Q1
2024-Q2
2024-Q3
2024-Q4
2025-Q1
2025-Q2
2025-Q3
2025-Q4

Service requests are a formal request from a user for something to be provided: for example, a request for a software application to be installed or access to systems. The volume metrics indicate the number of incoming requests and how many the teams fulfilled during that period. A higher SLA compliance rate indicates a better service level to the agency because requests are being fulfilled in a timely manner.





Change requests track when and where changes are implemented in the environment and require review and approval by the change advisory board (CAB). This metric indicates the volume of completed changes performed by ISD. Changes can be complex, requiring several hours to implement, or simple and deployed in minutes. The number of changes over a period impacts resource planning and staffing needs.



In addition to daily support tasks, TOS team members are assigned projects ranging from extra small (one week) to extra-large (12+ months). The preceding graph shows the volume and status of TOS projects in the current biennium. When the project portfolio is large, particularly if projects are high priority or more complex, resources may need to be shifted away from daily support tasks, which can affect our overall SLA compliance. If support ticket and change volume is lower, project completion rates can rise because more resources are available for project work.

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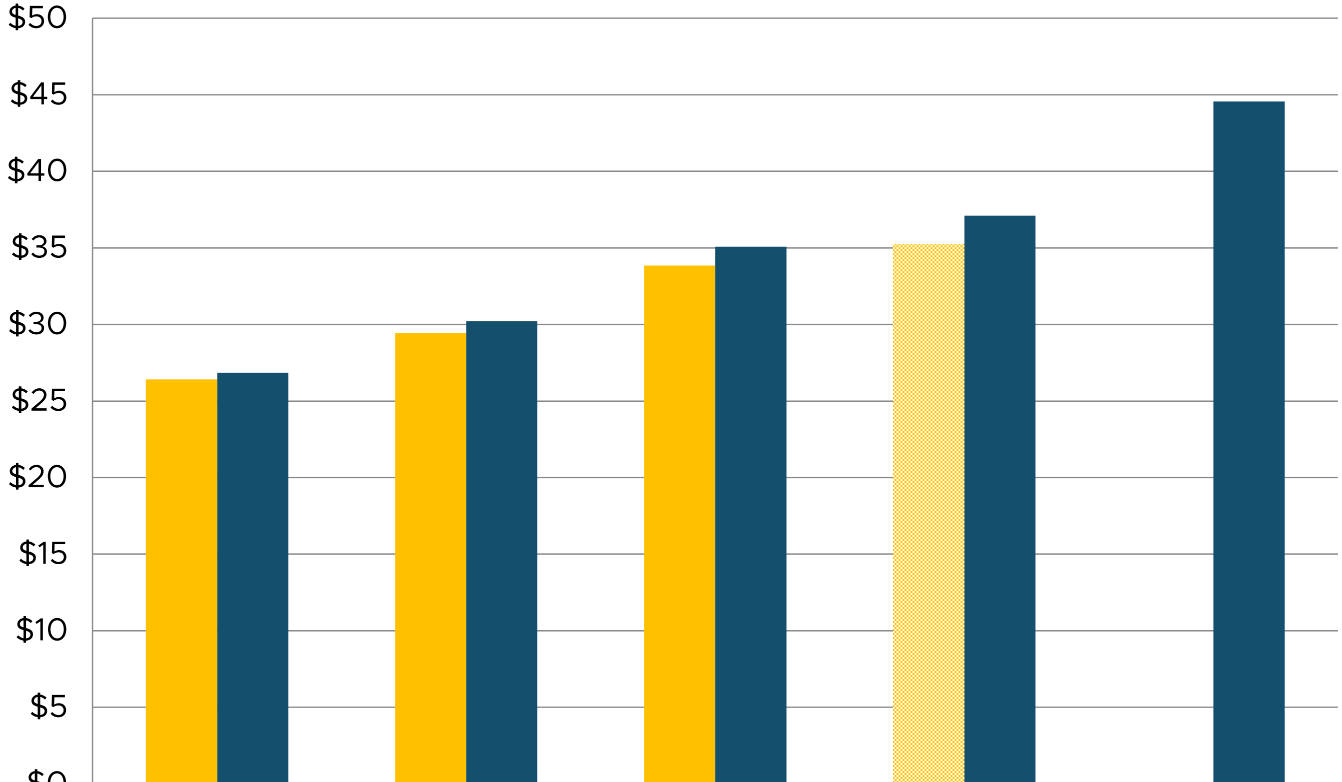
Process Measures:

PROCESS MEASURES: Leveraging Technology														
	No.	Measure Name	Measure Calculation	RANGE			Target	Desired Perform. Trend	Data Collection Frequency	Data Source	Measure Owner	Last Status	Status	Trend
				Red	Yellow	Green								
Cost [or Quantity]	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	↓	Quarterly	Compass	N. Marrello	0.1	1.3	-
Quality	SP3b	Technology Satisfaction	% of survey respondents indicating satisfaction with our technology	<80%	80-90	>90%	90%	↑	Annual	Survey	J. Masanga	88.5%	88.5%	=
Quality	SP3d	Batch incidents	# of batch incidents / abends in month (mo. avg by qtr.)	>10	10-6	<6	3	↓	Quarterly	Compass	N. Marrello	1.0	0.7	+
	SP3g	HelpDesk responsiveness	% of HelpDesk tickets resolved within the Service Level Agreement	<80%	80-90	>90%	95%	↑	Quarterly	Compass	N. Marrello	88.18%	91.99%	+
	SP3h	System uptime	% of time ORION systems are available during the service window	<97%	97-98	>98%	100%	↑	Quarterly	Compass	N. Marrello	99.60%	99.60%	=

Process measures focus on key areas that contribute to a particular outcome metric. TOS owns process measures SP3g and SP3h.

- SP3g indicates the level of SLA compliance achieved by the TOS team for completing incident and service request tickets. Compliance above 90% shows positively on the agency's outcome measures.
- SP3h indicates how often the systems are available and functional. Factoring maintenance and scheduled outages, it is important to stay above 98% to minimize downtime for the agency. Any upward trend will show positively on the agency's outcome measures.

Program Budget Performance



	2019-21	2021-23	2023-25	2025-27*	2027-29 ARB
Actuals	26,411,457	29,427,509	33,836,097	35,230,990	
Leg. Approved Budget	26,847,924	30,200,665	35,080,629	37,092,013	44,546,562

*2025-27 Actual is estimated.

Budget Narrative

Enabling Legislation/Program Authorization

Enabling legislation for PERS Operations (administrative costs) are:

- Oregon Revised Statute (ORS) 237.500; 238.490, and 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 $99 billion PERS Fund, represent less than 8 basis points (0.08%). 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 2025-27

Requested Limited Other Funds reflect a decrease of $7,454,549 compared to the 2025-27 operating budget of $37,092,013 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
Total 2025-27 LAB	37,092,013	72.88
	Amount	FTE
Base budget limited	40,359,077	73.00
Essential packages limited		-
Pkg. 010 Non-PICS Personal Services Vacancy Factor	(160,303)	
Pkg. 021 Phase In		
Pkg. 022 Phase Out Program and One Time Costs	-	
Pkg. 031 Standard Inflation	648,923	
Pkg. 032 Above Standard Inflation	438,149	
Subtotal essential packages	926,769	
Subtotal current service level	41,285,846	73.00
Agency request budget policy packages		
Pkg. 107- IT Dues & Subscriptions	2,093,000	
Pkg. 108 IT Staffing	1,167,716	3.52
Subtotal policy packages	3,260,716	3.52
2027-29 Total agency request budget	**44,546,562**	**76.52**

Budget Narrative

Operations Division

Program contact: Sam Paris, 503-603-7654

Leg. Approved Budget 2025-27:
Budget: $60,167,225
Positions: 213.16

Agency Request Budget 2027-29:
Budget: $62,777,180
Positions: 206.76

Board of Directors

Director/Deputy Director

Operations

Financial Services

Information Services

Compliance, Audit and Risk

- Member Information
- Employer Service Center
- Benefit Application Intake and Review
- Member Account Adjustments
- Specialty Qualifications
- Calculations
- PERS Health Insurance Program (PHIP)
- Oregon Savings Growth Plan (OSGP)
- Social Security

Operations Division Sections

Admin	Social Security	OSGP	PHIP	Member Services	Data Services	Benefit Preparation	Calculations
4/4.00 FTE	1/1.00 FTE	7/7.00 FTE	4/4.00 FTE	39/39.00 FTE	63/63.00 FTE	46/45.88 FTE	43/42.88 FTE
Executive leadership Program management Policy and procedure	Coordinate section 218 program of the Social Security program for all public employers of the state	Administer the state 457 Plan Administer the Voya record-keeping contract	Financial reconciliation/ disbursements Reporting and data analysis Member eligibility and education Contract management	Call center Correspondence Service desk Education presentations RAAS	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 IAP disbursements

Budget Narrative

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:** Responsibilities include being the primary point of service for PERS members through the call center, correspondence, and email. This section also provides member education through various methods such as group presentations and Retirement Application Assistance Sessions.
- **Data Services:** 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 data account reviews and adjustments and provides data verifications to members.
- **Benefit Preparation:** 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:** 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.
- **Oregon Savings Growth Plan (OSGP)** is a voluntary 457 deferred compensation plan available to all state employees of local governments that adopt the plan. OSGP provides comprehensive retirement savings and investment information, education, and counseling to all current and potential participants. Customer service is provided by telephone, correspondence, and group and individual sessions throughout the state. OSGP is responsible for developing, revising, maintaining, publishing, and disseminating information to all eligible participants 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., Oregon State Treasury, consultants, members, and advisory committees) and others for the purpose of sharing information and discussing investment options.
- **PERS Health Insurance Program (PHIP)** 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 PHIP 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. PHIP provides services to members, including group presentations and member communications that address benefit questions, concerns, and providing other member services as needed.

- **State Social Security Program:** 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 government 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 1,086 entities (896 PERS-participating employers and 200 non-PERS-participating employers) and represents over 317,000 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.

Program Funding Request

POP 110- Death Identification

PERS requests an increase of $219,438 in Other Funds expenditure limitation for the Operations Division to establish one permanent Operations and Policy Analyst 1 (OPA1) position. This position will provide dedicated support for identifying and resolving unreported deaths among benefit recipients—work that is essential to preventing unrecoverable overpayments, reducing backlogs, and maintaining key operational controls. A previous limited-duration OPA1 demonstrated significant impact by identifying hundreds of unreported deaths and preventing improper payments, but with that position expired, current staff capacity is insufficient to keep pace with new death match records and verification requirements.

The funding includes $208,750 in Personal Services and $10,688 in Services and Supplies, with no Capital Outlay. The added OPA1 will focus on validating death records, suspending incorrect payments, recovering improperly paid funds, identifying beneficiaries, sending notifications, and performing annual validations of high-risk recipients. This position strengthens fraud mitigation, improves efficiency, and supports PERS' ability to administer death benefits consistently while meeting key performance measures and reducing administrative costs.

POP 112 — 112 Tax Remedy

PERS requests $219,438 in Other Funds limitation for the 2027–29 biennium to add one Limited Duration Operations and Policy Analyst 1 (OPA1) position in the Operations Division. This position is needed to support anticipated workload increases resulting from a proposed 2027 legislative concept aimed at improving the tax remedy certification process. The concept would limit members' ability to self-certify residency when Department of Revenue data does not show Oregon income tax filings, addressing concerns about misuse and inaccuracies identified by internal audit.

The LD OPA1 position will review and verify eligibility for residency certification forms, ensure correct application of tax remedy rules, and support initial workload spikes immediately following legislation. As the agency increases member education and monitors filing trends, the position may be evaluated for potential continuation beyond the limited-duration period.

The request includes $208,750 in Personal Services and $10,688 in Services and Supplies, with no Capital Outlay. Establishing this position will improve accuracy of tax remedy payments, enhance compliance, reduce administrative costs, and ensure tax remedy benefits are granted only to eligible PERS retirees.

Budget Narrative

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 the PERS 2023–2028 strategic plan: member services and communications, and data consistency.
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 transaction summary by calendar year illustrates some of the growing workloads in the Operations Division:

Member and Employer Customer Service

Year	Member Information Center telephone calls	Member Information Center emails	Employer Service Center	
			Telephone calls	Emails
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
2019	174,740	23,403	20,438	106,943
2020	180,941	23,302	14,913	143,259
2021	179,601	24,189	10,190	210,514
2022	187,135	27,057	9,399	176,156
2023	203,174	31,022	12,305	113,090
2024	194,458	15,823	8,283	111,883
2025	193,981	20,657	10,545	113,490

Retirement Education

Year	Group presentation attendance	Retirement Application Assistance Sessions
2016	12,553	2,957
2017	12,331	3,822
2018	12,689	3,452
2019	12,552	3,751
2020	3,228	3,069
2021	12,422	3,502
2022	14,896	3,812
2023	15,971	3,267
2024	14,721	4,017
2025	16,047	4,009

Employer Reporting

Year	Number of employers reporting	Number of reports received	Number of member records received
2016	908	13,580	3,714,644
2017	908	13,440	3,540,590
2018	909	13,523	3,638,044
2019	912	13,672	3,728,396
2020	913	13,514	3,525,524
2021	918	13,629	3,169,733
2022	904	13,578	3,716,719
2023	913	13,779	3,408,277
2024	918	13,979	3,111,850
2025	920	13,982	2,335,262

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
2016	6,682	7,575	4,344	12,191	4,124	997	213
2017	8,742	8,693	3,883	11,018	1,184	1,125	227
2018	7,144	7,136	3,958	12,172	1,247	971	234
2019	7,511	7,968	3,627	9,573	1,312	899	190
2020	7,501	7,068	3,647	10,060	2,881	947	164
2021	7,455	6,992	3,298	9,783	2,554	847	155
2022	8,356	8,114	4,802	9,612	3,273	764	177
2023	7,159	5,952	4,769	9,063	2,541	770	137
2024	7,163	6,445	8,046	9,994	1,978	837	157
2025	7,913	7,146	6,666	9,838	1,987	887	175

Online Resources

Year	Online Member Services (OMS) successful logins	OMS estimates created
2016	279,186	52,039
2017	335,661	59,671
2018	360,124	54,248
2019	383,618	52,793
2020	361,545	46,079
2021	685,596	57,356
2022	961,380	63,411
2023	1,012,133	64,291
2024	1,201,239	71,330
2025	1,285,995	65,417

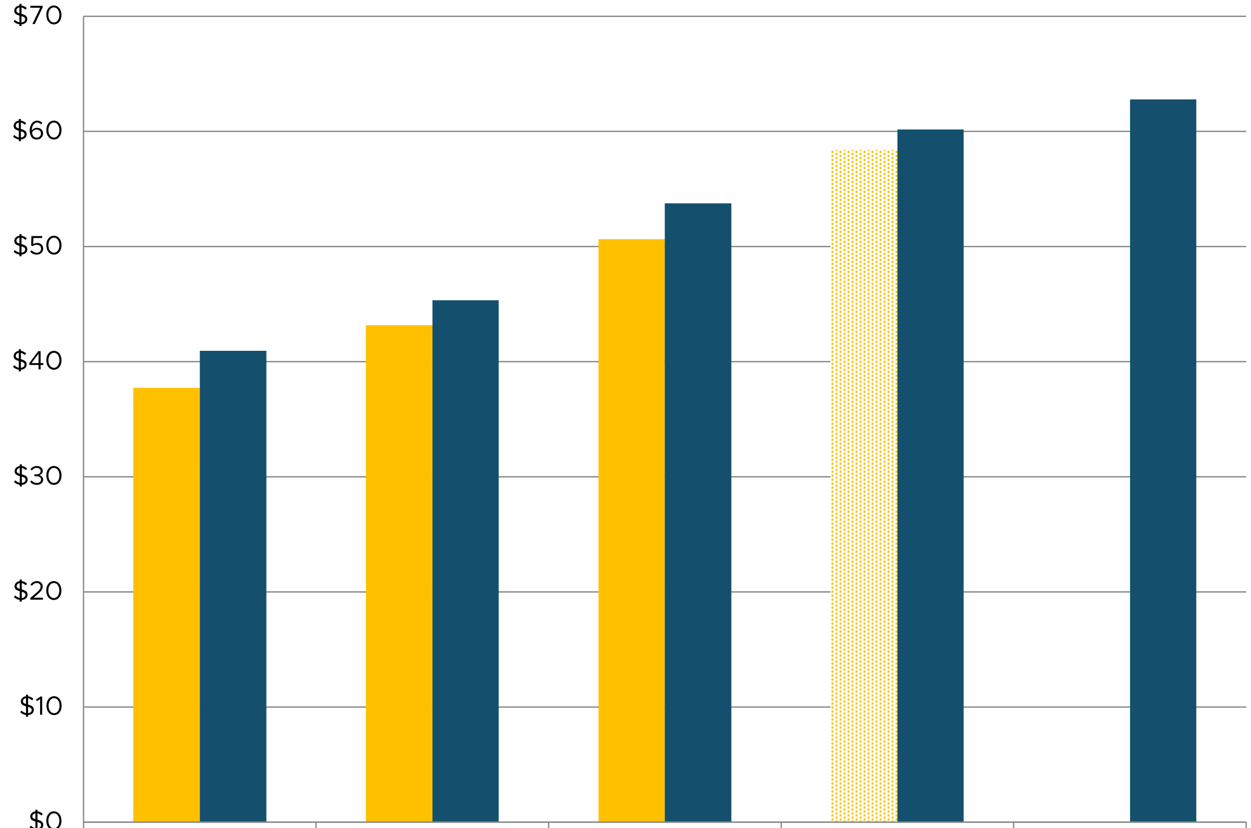
State Social Security program

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
2016	3	84
2017	2	82
2018	1	87
2019	1	N/A
2020	0	124
2021	0	298
2022**	0	0
2023**	2	5
2024	2	8
2025	3	9

** Determined as the program went through an organizational structure shift and change, changing the focus of this data point would better serve the common nature of the work. Employer Determinations are defined as: Worked with employer and federal officials to determine status of Section 218 coverage and took necessary compliance measures.*

Program Budget Performance



	2019-21	2021-23	2023-25	2025-27 *	2027-29 ARB
Actuals	$37,734,164	$43,163,544	$50,640,866	$58,357,646	
Leg. Approved Budget	$40,948,892	$45,324,157	$53,759,645	$60,167,225	$62,777,180

*2025-27 actual is estimated.

Budget Narrative

Enabling Legislation/Program Authorization

Enabling legislation for PERS operations (administrative costs) are:

- Oregon Revised Statute (ORS) 237.500; 238.490, and 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 $99 billion PERS Fund, represent less than 8 basis points (0.08%). 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 2025-27

Requested Limited Other Funds reflect an increase of $2,609,955 above the 2023–25 operating budget of $60,167,225 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

2025-27 Legislatively approved budget	Amount	FTE
Operating budget, limited only	60,167,225	213.16
	Amount	FTE
Base budget limited	62,160,196	205.00
Essential packages limited		-
Pkg. 010 Non-PICS Personal Services Vacancy Factor	(195,057)	
Pkg. 021 Phase In	-	
Pkg. 022 Phase Out Program and One Time Costs	(59,775)	
Pkg. 031 Standard Inflation	432,940	
	-	
Subtotal essential packages	178,108	
Subtotal current service level	62,338,304	205.00
Agency request budget policy packages		
Pkg. 110 Death Identification	219,438	0.88
Pkg. 112 Tax Remedy	219,438	0.88
Subtotal policy packages	438,876	1.76
2027-29 Total agency request budget	**62,777,181**	**206.76**

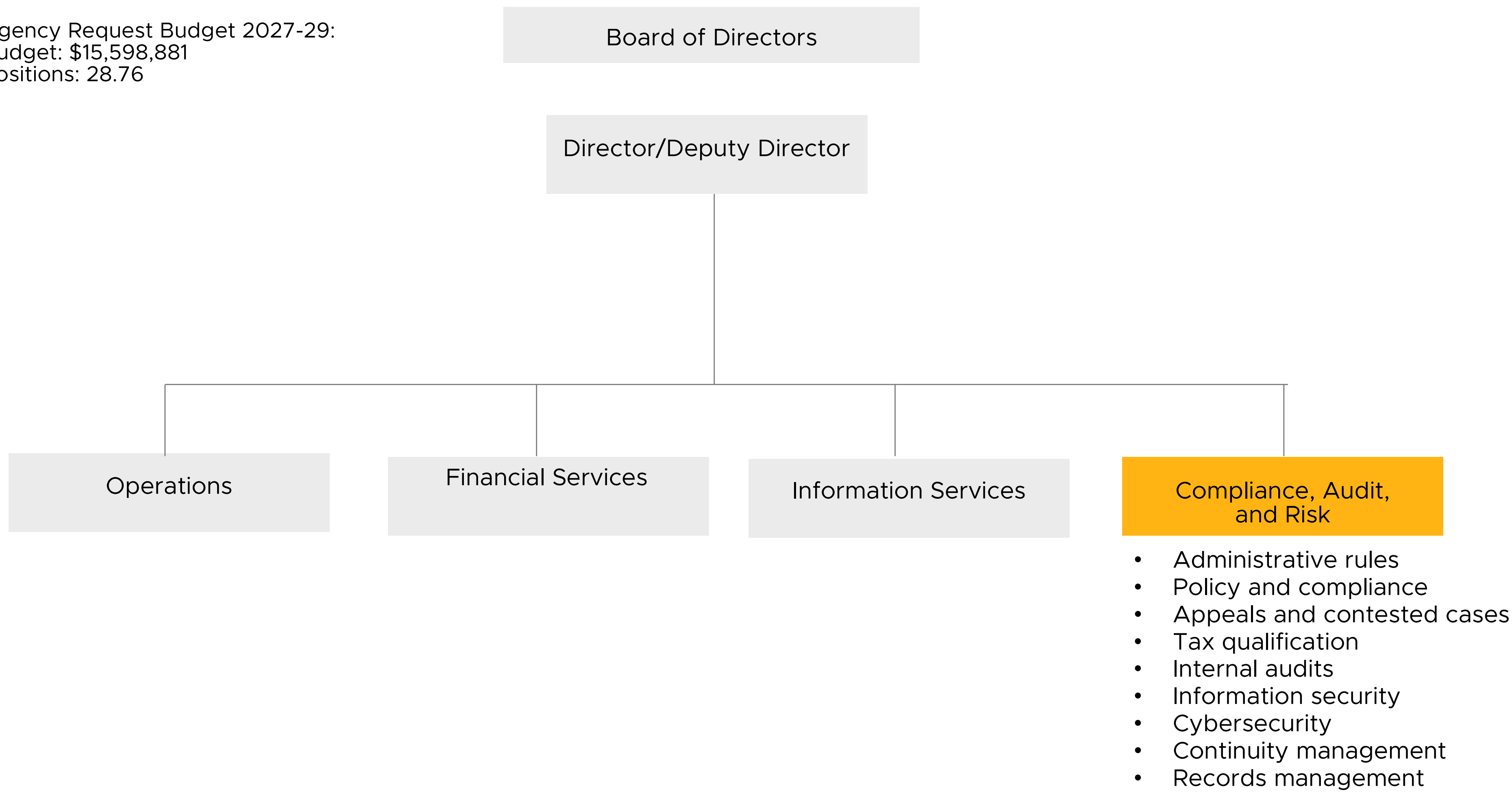
Budget Narrative

Compliance, Audit, and Risk Division

Program contact: Jason Stanley, 503-603-7504

Leg. Approved Budget 2025-27:
Budget: $13,308,424
Positions: 26.40

Agency Request Budget 2027-29:
Budget: $15,598,881
Positions: 28.76



Compliance, Audit, and Risk, Division Sections

Administration	IAS	PACS	Security and Risk
2/2.00 FTE	3/3.00 FTE	18/18.00 FTE	6/5.76 FTE
Executive leadership Strategic guidance Records management Public records and discovery	Internal audits for agency Provide independent assurance and consulting to improve agency operations	Facilitate administrative law function and provide policy guidance Oversee disputes Manage litigation and act as liaison with the Department of Justice	Provide guidance on best practices and controls Manage programs for information security and continuity management

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, Tier Two, OPSRP, Oregon Savings Growth Plan (OSGP), and the PERS Health Insurance Program (PHIP). The division oversees and coordinates legal activities, assists management in the identification and management of risks, provides independent audit and consulting services to ensure compliance with rules and identify operational inefficiencies, and oversees the agency's programs for information security and continuity management. The division would like to add an enterprise risk management program during the 2027-2029 biennium if resources are approved. CARD is comprised of four sections:

- Administration
- Internal Audit Section
- Policy Analysis and Compliance Section
- Security and Risk Section

Administration
The Chief Compliance, Audit, and Risk officer administers the division. This position serves on the agency's Executive Leadership Team and provides strategic guidance to the division and the agency. Records Management, which fulfills public records requests, responds to subpoenas, and manages record retention, is also part of this section.

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 and Risk Committee of the PERS Board.

Policy Analysis and Compliance Section (PACS)

The Policy Analysis and Compliance Section (PACS) facilitate 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 also manages litigation and serves as a liaison with the Department of Justice.

Security and Risk Section (SRS)

The Security and Risk Section (SRS) provide guidance to the agency's leadership and staff on the best practices and controls to help identify, control, mitigate, and monitor agency risk. The section has established programs for information security and continuity management, both of which meet industry standards. These programs continue to evolve and mature in coordination with Enterprise Information Services and the Governor's State Resilience Office. PERS is asking for additional staff in a policy option package to establish an enterprise risk management program in addition to one additional staff to supplement our Information Security Program.

Program Funding Requests

POP 106— Enterprise Risk Management

PERS requests $935,634 in Other Funds limitation for the Compliance, Audit, and Risk Division to establish an agency-wide Enterprise Risk Management (ERM) program and strengthen the Information Security Program. This package includes funding for two permanent positions—an Operations and Policy Analyst 3 (OPA3) to develop and manage the ERM program and an Information Systems Specialist 5 (ISS5) to enhance information security capabilities. The request also includes $361,000 for third-party training, external assessments, and subscriptions to governance, risk, and compliance (GRC) tools.

The ERM program will provide a formal, structured risk management framework to support the agency's 2025–2029 Strategic Plan, improve decision-making, and align risk mitigation efforts across divisions. Multiple external audits, industry assessments, and peer comparisons have highlighted the need for a unified ERM structure to address agency-wide risks—including business continuity, disaster recovery, information security, staffing challenges, and resource constraints. Establishing an ERM program will help PERS proactively identify emerging risks, allocate resources effectively, guide strategic initiatives, and embed a risk-aware culture throughout the agency.

In parallel, enhancing the Information Security Program is critical as the agency currently relies on a single staff member to manage cybersecurity responsibilities. Adding an ISS5 will allow PERS to move from a reactive posture toward proactive security risk management, ensuring stronger oversight of cyber threats identified through internal and external assessments.

BUDGET NARRATIVE

The requested budget includes $552,383 in Personal Services and $383,250 in Services and Supplies, with no Capital Outlay. This investment positions PERS to meet audit recommendations, align with industry best practices, strengthen governance, and reduce exposure to operational, security, and strategic risks.

Package 109 Policy and Compliance Staffing

PERS requests $490,159 in Other Funds limitation for the 2027–29 biennium to continue funding two Limited Duration Operations and Policy Analyst 1 (OPA1) positions in the Compliance, Audit, and Risk Division. These positions, originally approved for 2025–27, are still needed due to sustained high workloads in PACS, including growing volumes of Notice of Entitlement (NOE) and Notice of Distribution (NOD) disputes, an increasing backlog of required IRC 415 testing, and a multi-year effort to build a comprehensive policy repository. The workload demands have exceeded the capacity of current staff, particularly OPA2 Policy Liaisons who must devote significant time to disputes, limiting their availability for other tasks. The IRC 415 backlog and repository project—expected to take three to five years due to dispersed, non-standardized materials—underscore the need for dedicated ongoing support.
The package requests $477,142 in Personal Services and $13,000 in Services and Supplies, with no Capital Outlay. The two LD OPA1 positions will continue handling non-complex disputes, performing IRC 415 testing, supporting policy research, backing up OPA2s, assisting Business Rules Writers and the Records Officer, and advancing the policy repository project.
By continuing these positions, PACS will be able to meet dispute processing requirements, reduce compliance risks, clear backlogs, and improve efficiency across multiple functions. This supports PERS' core values and operating principles, enhances customer service, and positively impacts key performance measures related to administrative costs and member satisfaction. Failing to continue these positions would prolong backlogs, increase risk exposure, and hinder timely policy development and compliance activities.

POP 103— Modernization: Supporting Staffing

Funding for 1 permanent FTE (1 OPA3 PERM). The Research Policy Coordinator will lead and oversee complex legal research projects, determine the applicability of laws, rules, and regulations and make legal recommendations that guide agency actions affecting retirement benefits for all members. This position is critical to supporting ongoing Modernization efforts by ensuring new business processes comply with applicable statutes and administrative rules and, when necessary, identifying and initiating required statutory or rule changes. CARD's current complement of three policy coordinators is fully utilized managing existing workloads, leaving insufficient capacity to support modernization initiatives. Adding this position will provide the policy expertise needed to maintain compliance, reduce implementation risks, and support the timely delivery of modernization projects.

Program Justification and Link to Long-Term Outcomes

Internal Audit Section

IAS issues report on audit subjects that span the entire agency. These reports include recommendations for management to improve operations and are monitored until they are implemented. Recommendations are reported to the PERS Audit and Risk Committee and included in reports to the Governor, as audit accountability is one of her expectations for all state agencies. The table below shows the number of reports and recommendations issued for the past four fiscal years plus the current fiscal year to date.

Fiscal year	# reports issued	# recommendations
2022	6	8
2023	9	20
2024	10	29
2025	7	28
2026	6	10

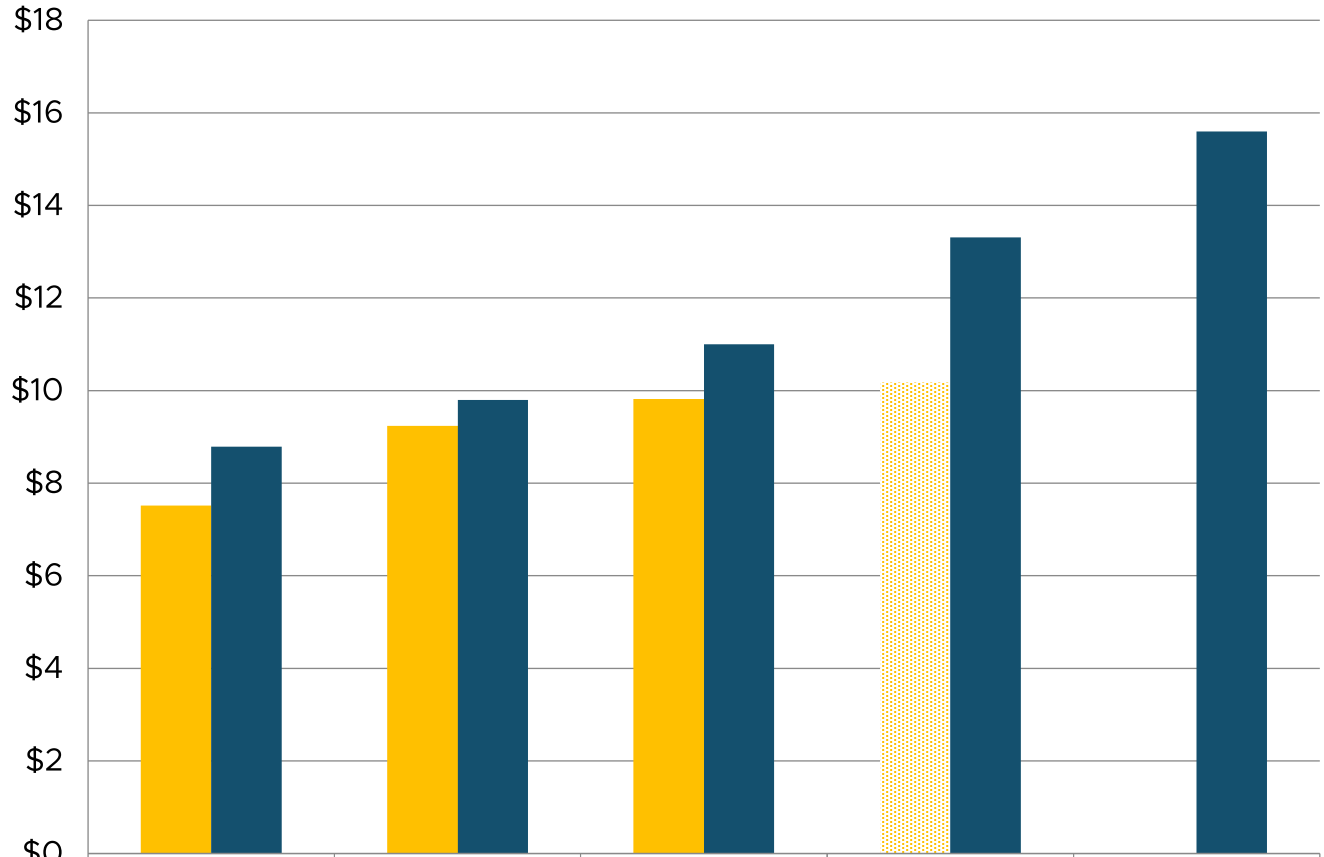
Policy Analysis and Compliance Section

PACS administers the agency's appeals and contested cases. The following table shows the volume of appeals and contested cases filed for the past six fiscal years.

Year	# appeals	# contested cases
2020	239	49
2021	186	33
2022	267	29
2023	106	39
2024	102	13
2025	71	33

Budget Narrative

Program Budget Performance



	2019-21	2021-23	2023-25	2025-27	2027-29 ARB
Actuals*	$7,519,411	$9,237,269	$9,818,172	$10,173,076	
Leg. Approved Budget	$8,789,679	$9,800,788	$11,004,192	$13,308,424	$15,598,881

*2025-27 actual is estimated.

Budget Narrative

Enabling Legislation/Program Authorization

Enabling legislation for PERS operations (administrative costs) are:

- Oregon Revised Statute (ORS) 237.500; 238.490, and 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 $99 billion PERS Fund, represent less than 8 basis points (0.08%). 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 2025-27

Requested Limited Other Funds reflect an increase of $2,290,457 above the 2025-27 operating budget of $13,308,424 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

2025-27 Legislatively approved budget	Amount	FTE
Operating budget, limited only	13,308,424	26.40
	Amount	FTE
Base budget limited	13,818,216	25.00
Essential packages limited		-
Pkg. 010 Non-PICS Personal Services Vacancy Factor	(59,180)	
Pkg. 021 Phase In	-	
Pkg. 022 Phase Out Program and One Time Costs	(21,725)	
Pkg. 031 Standard Inflation	424,926	
Pkg. 032 Above Standard Inflation	10,869	
Subtotal essential packages	354,890	
Subtotal current service level	14,173,106	25.00
Leg. approved budget policy packages		
Pkg. 106 Enterprise Risk Management	935,633	1.76
Pkg. 109 PACS Staffing	490,142	2.00
Subtotal policy packages	1,425,775	3.76
2027-29 Total agency request budget	**15,598,881**	**28.76**

Facilities Maintenance and Management

Facilities Maintenance Discussion

PERS's Tigard Headquarters, constructed in 1997 and in continuous operation for nearly thirty years, is entering a critical phase in its lifecycle that requires a more strategic approach to facility stewardship. Aging infrastructure, accumulated deferred maintenance, evolving organizational space needs, and new statutory requirements—particularly those introduced under HB 3409—are converging to create operational, financial, and compliance pressures that cannot be effectively managed through the agency's historic approach of reactive, project-by-project maintenance. While the facility remains functional, the absence of a long-range, integrated framework for assessing asset conditions, sequencing investments, and guiding decision-making limits leadership's ability to proactively manage risk, reduce lifecycle costs, and maintain compliance with emerging state standards.

Currently, PERS lacks a unified governance and funding framework that ties together facility condition data, deferred maintenance, long-term capital planning, and HB 3409 compliance. This gap prevents the agency from efficiently coordinating improvements, planning for emissions-reduction compliance milestones, or clearly articulating investment strategies to oversight bodies such as the Legislature. Without a structured, forward-looking plan, the agency faces heightened risk of unplanned system failures, accelerated cost escalation, and reactive compliance efforts that may result in missed deadlines or inefficient use of public resources.
To address these challenges, PERS proposes a two-part, phased solution: (1) completing a third-party Long-Range Facility Plan (LRFP) using existing budget authority, and (2) establishing a Business Case Lite that reserves funding authority—up to the statutory percentage of the facility's assessed value—without committing funds to specific projects until the LRFP is complete and reviewed by the Executive Leadership Team (ELT). This approach ensures that future investment decisions are grounded in comprehensive data, guided by ELT oversight, and aligned with statutory compliance obligations. Importantly, the proposal does not expand staffing or operational workloads; Facilities staff will continue performing routine maintenance and provide only limited support to LRFP development.

The LRFP will equip PERS with a defensible and transparent foundation for long-term capital planning, including identifying facility risks, mapping HB 3409 compliance pathways, establishing investment priorities, and improving legislative readiness. The reserved funding authority will allow the agency to respond promptly and strategically to LRFP recommendations once approved, reducing the likelihood of costly emergency repairs and enabling more efficient project bundling and sequencing. Alternative options—such as continuing reactive maintenance, pursuing narrow system-specific studies, or prematurely committing to capital projects—were evaluated but rejected due to their inability to provide the strategic clarity, governance, and flexibility required for sustained facility stewardship.

In sum, this policy option packs positions PERS to responsibly manage the long-term health of its headquarters facility by aligning planning, governance, and compliance requirements into a coherent framework. By separating strategic planning from project execution and preserving ELT decision authority, the agency can maintain fiscal responsibility, support HB 3409 compliance, and demonstrate thoughtful stewardship of public resources while preparing for future capital needs in a transparent, accountable manner.
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Facilities Maintenance Summary Report

Facilities Summary Report

2027-29 Biennium

Agency Name: **Public Employees Retirement System**

Owned Facilities Over $1 million

	FY 2025 DATA			
Number of Facilities	1			
Current Replacement Value $ (CRV)	$ 49,737,941	Source		Risk or FCA
Gross Square Feet (GSF)	*60,220*			
Usable Square Feet (USF)	*52,391*	*Estimate/Actual*	*87*	% USF/GSF
Occupants Position Count (PC)	Est.280	**USF/PC**	**187.1107**	

Owned Facilities Under $1 million

Number of Facilities	
CRV	
GSF	

Leased Facilities

Total Rentable SF	174			
Biannual Lease Cost	309,256			
Additional Costs for Lease Properties (O&M)	1,000			
Usable Square Feet (USF)	*174*	*Estimate/Actual*	*100*	% RSF/GSF
Occupants Position Count (PC)	Est.119	**USF/PC**	**1.46**	

Facilities Operations and Maintenance Report

Facilities Operations and Maintenance and Deferred Maintenance Report

2027-29 Biennium

Agency Name: **Public Employees Retirement System**

Facilities Operations and Maintenance (O&M) Budget	**2023-25 Actual**	**2025-27 LAB**	**2027-29 Budgeted**	**2029-31 Projected**
Personal Service (Maintenance)	143,861	229,973	309,775	TBD
Services & Supplies (Maintenance)	729,369	697,375	978,385	TBD
O&M $/GSF (Maintenance)			1,288,160	
Personal Service (Utilities & Janitorial)	39,235	62,832	78,179	TBD
Services & Supplies (Utilities & Janitorial)	285,229	300,000	388,396	TBD
O&M $/GSF (Utilities & Janitorial)			466,575	

	General Fund	**Lottery Fund**	**Other Funds**	**Federal Funds**
O&M Estimated Fund Split %			100%	

Short and Long Term Deferred Maintenance Plan for Facilities Value Over $1M	**Current Value (2023)**	**Ten Year Projection**	**2025-27 Budgeted**	**2027-29 Projected**
Priorities 1-3 - Currently, Potentially and Not Yet Critical				
priority 4 - Seismic & Natural Hazard				
Priority 5 - Modernization		994,758.82		
Total Priority Need	$ -	$994,758.82	$ -	$ -
Facility Condition Index (Need/CRV)		$ 994,758.82		

Assets Over $1M CRV	**49,737,941**

Special Reports

Information Technology Reports

IT Project Name / Budget	PPM Idea/ Project ID	PPM Idea/Project Name	Mandate	Short Description	New or Continuing	Start Date
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	Cost of Personal Services	Continuing	2026-04-01
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	Cost of Personal Services	Continuing	2026-04-01
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	Cost of Services and Supplies	Continuing	2026-04-01
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	Cost of contractors	Continuing	2026-04-01
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	Cost of IQMS	Continuing	2026-04-01
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	Cost of contractors	Continuing	2026-04-01
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	Cost of IQMS	Continuing	2026-04-01
Modernization Implementation	PGM-000004	PERS Modernization Program	Legislature	Cost of Personal Services	Continuing	2025-07-01
Modernization Implementation	PGM-000004	PERS Modernization Program	Legislature	Cost of Services and Supplies	Continuing	2025-07-01
Modernization Implementation	PGM-000004	PERS Modernization Program	Legislature	Cost of IT Professional Services	Continuing	2025-07-01
Modernization Implementation	PGM-000004	PERS Modernization Program	Legislature	Cost of other Services	Continuing	2025-07-01
Modernization Implementation	P-00001563	PERS HIP Modernization	Legislature	Cost of HIP	Continuing	2025-07-01
Modernization Implementation	PGM-000004	PERS Modernization Program	Legislature	Cost of IQMS	Continuing	2025-07-01
Modernization Implementation	PGM-000004	PERS Modernization Program	Legislature	Cost of Data Conversion & Data Migration	Continuing	2025-07-01
Modernization Legacy Stabilization	PGM-000004	PERS Modernization Program	Legislature	Cost of DevOps contractors, and FAD	Continuing	2023-07-01
Modernization Legacy Stabilization	PGM-000004	PERS Modernization Program	Legislature	Cost of DOJ Fee	Continuing	2023-07-01
Modernization Legacy Stabilization	P-00001378/P00001631	PERS Member Identity & Access Management / PERS (JUMP)Jclearty UI/UX Modernizat	Legislature	Cost of JUMP,MIAM,Batch Jobs	Continuing	2023-07-01
Modernization Legacy Stabilization	PGM-000004	PERS Modernization Program	Legislature	Cost of Data Cleaning	Continuing	2023-07-01
Modernization Supporting Positions	PGM-000004	PERS Modernization Program	Legislature	Cost of Positions	Continuing	2023-07-01
Modernization Supporting Positions	PGM-000004	PERS Modernization Program	Legislature	Cost of Services and Supplies	Continuing	2023-07-01
Modernization Supporting Positions	PGM-000004	PERS Modernization Program	Legislature	Cost of overtime and Contingency	Continuing	2023-07-01
Modernization PAS	P-00001650	PERS PAS Modernization	Legislature	Implementation cost- Cost of PAS Planning, Design & SI, DOJ Fee & GAP Project	Continuing	2023-07-01
Modernization PAS	P-00001650	PERS PAS Modernization	Legislature	Implementation cost- Cost of PAS Planning, Design & SI, DOJ Fee & GAP Project	Continuing	2023-07-01
Modernization PAS	P-00001650	PERS PAS Modernization	Legislature	Cost of Contingency	Continuing	2023-07-01
Modernization PAS	P-00001517	PERS Telephony Modernization	Legislature	Cost of Telephony	Continuing	2023-07-01
ISD Personal Services		ISD Personal Services	Legislature	Cost of ISD personal services (salary, Other wages and OPE)	Continuing	
ISD Services and Supplies		ISD Services and Supplies	Legislature	Cost of Services and Supplies	Continuing	
ISD Telecommunications		ISD Telecommunication	Legislature	Cost of Telecommunication	Continuing	
ISD Data Processing		ISD Data Processing	Legislature	Cost of Data Processing	Continuing	
ISD IT Professional Services		ISD IT Professional Services	Legislature	Cost of IT Professional Services	Continuing	
ISD IT Expendable Property		ISD IT Expendable Property	Legislature	ISD IT Expendable Property	Continuing	
ISD Telecom Equipment		ISD Telecom Equipment	Legislature	ISD Telecom Equipment	Continuing	
ISD Data processing Software		ISD Data Processing Software	Legislature	ISD Data Processing Software	Continuing	
ISD Data Processing Hardware		ISD Data Processing Hardware	Legislature	ISD Data Processing Hardware	Continuing	
ISD Position Management		ISD Position Management	Legislature	ISD requesting Positions & Re-classification	New	2027-07-01
ISD Tech Licensing		ISD Tech Licensing	Legislature	ISD NOB and Licensing	Continuing	2027-07-01
Modernization- Program Staff	PGM-000004	Modernization Program staff costing	Legislature	Modernization Program staff costing	Continuing	2023-07-01
Modernization- Program Staff	PGM-000004	Modernization Program staff costing	Legislature	Modernization Program staff costing - Services and supplies for staff	Continuing	2023-07-01
Modernization- Program Staff	PGM-000004	Modernization Program staff costing	Legislature	Modernization Program staff costing - IT Expendable Property	Continuing	2023-07-01
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	HB4045 Hazardous Positiions - Staff cost	Continuing	2026-04-01
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	HB4045 Hazardous Positiions- Services and supplies for staff	Continuing	2026-04-01
HB4045 Hazardous Position	P-00001643	PERS HB4045 Hazardous Position	Legislature	HB4045 Hazardous Positiions- IT Expandable Property	Continuing	2026-04-01

Budget Narrative

End Date	Policy Option Package Request (Y/N)	POP # / Budget	Cost Type	Biennium	Funding Source	Budget Category	Line Item Description	Budget Amount
2029-12-31	Yes	101	Implementation	2027-29	Other Funds	3XXX - Personnel Services	Implementation cost- Cost of positions	1,318,128
2029-12-31	Yes	101	Implementation	2029-31	Other Funds	3XXX - Personnel Services	Implementation cost- Cost of positions	502,140
2029-12-31	Yes	101	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation cost- Cost of Services & supplies for Positions	64,125
2029-12-31	Yes	101	Implementation	2027-29	Other Funds	4315 - IT Professional Services	Implementation Cost- Cost of Contractors	13,005,640
2029-12-31	Yes	101	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation Cost- Cost of IQMS	925,000
2029-12-31	Yes	101	Implementation	2029-31	Other Funds	4315 - IT Professional Services	Implementation Cost- Cost of Contractors	3,692,160
2029-12-31	Yes	101	Implementation	2029-31	Other Funds	4XXX Other Services and Supplies	Implementation Cost- Cost of IQMS	755,040
TBD	Yes	102	Implementation	2027-29	Other Funds	3XXX - Personnel Services	Implementation cost- Cost of positions	6,728,970
TBD	Yes	102	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation cost- Cost of Services & supplies for Positions	265,250
TBD	Yes	102	Implementation	2027-29	Other Funds	4315 - IT Professional Services	Implementation Cost- Cost RFP OCM, RFP PMO, Future State Architecture, Fit- Gap Workshop	1,750,000
TBD	Yes	102	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation Cost- Cost of DOJ Fees and Contingency	1,859,422
TBD	Yes	102	Implementation	2027-29	Other Funds	4315 - IT Professional Services	Implementation Cost- Cost of HIP	2,000,000
TBD	Yes	102	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation Cost- Cost of IQMS	1,000,000
TBD	Yes	102	Implementation	2027-29	Other Funds	4315 - IT Professional Services	Implementation Cost- Cost of Data Conversion & Data Migration	3,000,000
TBD	Yes	103	Implementation	2027-29	Other Funds	4315 - IT Professional Services	Implementation Cost- Cost of Contractors	10,007,500
TBD	Yes	103	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation Cost- Cost of DOJ Fees	100,000
TBD	Yes	103	Implementation	2027-29	Other Funds	4215 - IT Professional Services	Implementation Cost- Cost of JUMP, MIAM and Batch Jobs	2,175,000
TBD	Yes	103	Implementation	2027-29	Other Funds	4315 - IT Professional Services	Implementation Cost- Cost of Data Cleaning	1,000,000
TBD	Yes	104	Implementation	2027-29	Other Funds	3XXX - Personnel Services	Implementation cost- Cost of positions	7,849,975
TBD	Yes	104	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation cost- Cost of Services & supplies for Positions	383,042
TBD	Yes	104	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation cost- Cost of Contingency	1,098,302
TBD	Yes	105	Implementation	2027-29	Other Funds	4315 - IT Professional Services	Implementation cost- Cost of PAS Planning, Design & SI & GAP Project	31,000,000
TBD	Yes	105	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation Cost- Cost of DOJ Fees	100,000
TBD	Yes	105	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation cost- Cost of Contingency	3,210,000
TBD	Yes	105	Implementation	2027-29	Other Funds	4315 - IT Professional Services	Implementation Cost- Cost of Telephony	1,000,000
	No		Operating	2027-29	Other Funds	4XXX Other Services and Supplies	Operational Cost- Cost of Personal Service, Salary and Wages and OPE and Vacancy saving	28,028,274
	No		Operating	2027-29	Other Funds	4XXX Other Services and Supplies	Operational Cost- Cost of Travel, Office expense, Dues and Subscription, Facility maintenance	4,390,609
	No		Operating	2027-29	Other Funds	4200 - Telecommunications	Operational Cost- Cost of Telecommunications	793,142
	No		Operating	2027-29	Other Funds	4250 - Data Processing	Operational Cost- Cost of Data Processing	5,050,751
	No		Operating	2027-29	Other Funds	4315 - IT Professional Services	Operational Cost - Cost of IT Professional Services	1,311,221
	No		Operating	2027-29	Other Funds	4715 - IT Expendable Property	Operating Cost- Cost of computer and computer Equipment	656,421
	No		Operating	2027-29	Other Funds	5150 - Telecommunications Equipment	Operating Cost - Cost of Telecommunication Equipment	89,695
	No		Operating	2027-29	Other Funds	5550 - Data Processing Software	Operating Cost- Cost of Data Processing Software	109,964
	No		Operating	2027-29	Other Funds	5600 - Data Processing Hardware	Operating Cost- Cost of Data Processing Hardware	413,182
TBD	Yes	XXXX	Implementation	2027-29	Other Funds	4XXX Other Services and Supplies	Implementation Cost-Cost of new positions & re-classification and Services and supplies for positions	1,126,926
TBD	Yes	XXXX	Implementation	2027-29	Other Funds	4315 - IT Professional Services	Implementation Cost - Cost of increase technology licensing service	2,093,000
TBD	No		Operating	2027-29	Other Funds	4XXX Other Services and Supplies	Operation Cost- Cost - Cost of Staff salay and wages, OPE and Vacancy saving	12,985,486
TBD	No		Operating	2027-29	Other Funds	4XXX Other Services and Supplies	Operation cost- Cost of training, Office expence, Professional service	543,120
TBD	No		Operating	2027-29	Other Funds	4715 - IT Expendable Property	Operating Cost- Cost of IT Expendable Property	34,093
2029-12-31	No		Operating	2027-29	Other Funds	4XXX Other Services and Supplies	Operation Cost- Cost - Cost of Staff salay and wages, OPE and Vacancy saving	388,836
2029-12-31	No		Operating	2027-29	Other Funds	4XXX Other Services and Supplies	Operation cost- Cost of training, Office expence, Professional service	19,932
2029-12-31	No		Operating	2027-29	Other Funds	4715 - IT Expendable Property	Operating Cost- Cost of IT Expendable Property	4,196

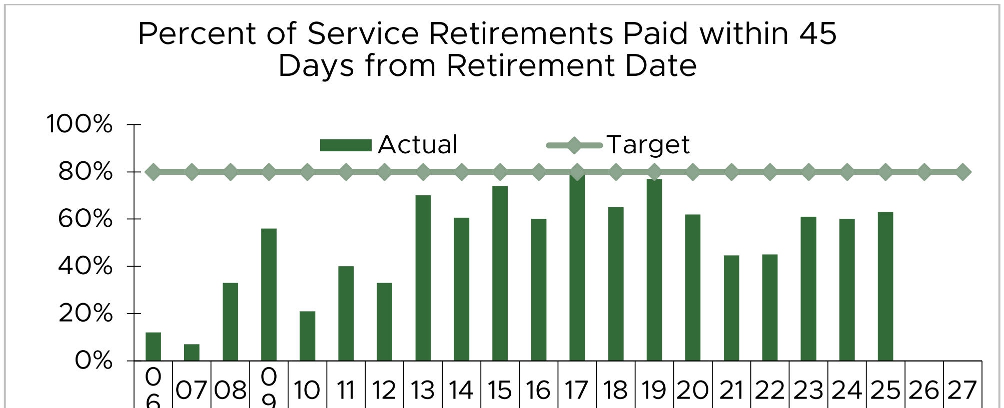
Annual Performance Progress Report (APPR)
for Fiscal Year 2025
Submission Date: October 1, 2025

2019-21 KPM#	2023-25 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 ADMINSTRATION COSTS: Total benefit administration costs per member	**5**
3	MEMBER TO STAFF RATIO: Ratio of members to FTE staff	**6**
4	ACCURATE BENEFIT CALCULATIONS: Percent of service retirement monthly benefits accurately calculated to within $5 per month	**7**
5	LEVEL OF PARTICIPATION: Percent of state employees participating in the deferred compensation program	**8**
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.	**9**
7	TIMELY BENEFIT ESTIMATES: Percent of benefit estimates processed within 30 days	**11**
8	BOARD OF DIRECTORS BEST PRACTICES: Percent of total best practices criteria met by the PERS board	**12**

Performance summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary stats:	50%	25%	25%

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	Chief Operations Officer Sam Paris, 503-603-7654	

** Upward Trend = positive result*



	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Actual	12	7%	33	56	21	40	33	70	61	74	60	79	65	77	62	45	45	61	60	63		
Target	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80

How are we doing?

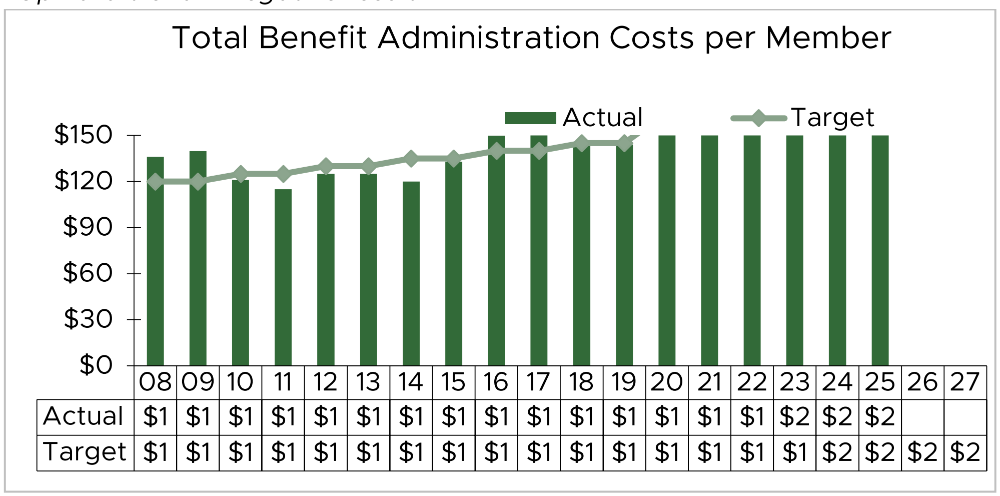
During FY2024, PERS issued 60% of its pension benefit inceptions within 45 days of the member’s effective retirement date, which was a slight decrease from the 61% performance rate in FY2023.

Factors affecting results

Performance was negatively impacted by PERS’ continued implementation efforts for a significant piece of legislation (SB 1049). This is a multi-year effort requiring additional staffing and functional reallocation of existing staff. During FY25, there were also SB 1049 EPSA releases that required accounts to be held open for missing TPA dates, lengthening the time frame for some accounts.

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	Chief Administration Officer, Richard Horsford, 503-431-8970	

** Upward trend = negative result*



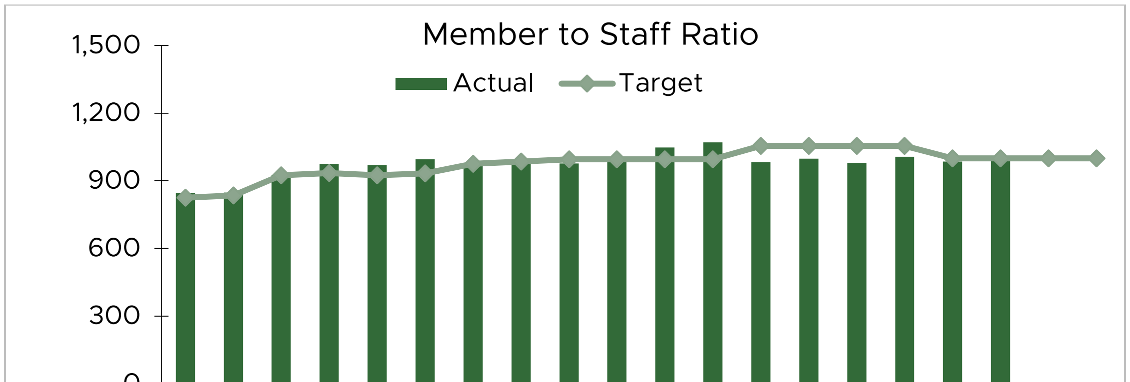
How are we doing?
For FY2025, PERS' cost per member is $218 (rounded from 217.61), an increase over the $215 in FY2024. In FY2025, PERS administrative costs increased by only 3.3% to $97.4 million, from the $94.3 million in FY2024. The overall membership increased by only 1.9% in FY2025, to nearly 448,000 members, up from 439,000 in FY2024.

Factors affecting results
FY2025 total administrative costs are up by $3.1 million from FY2024. This represented a 3.3% increase. And with membership numbers increasing by only 1.9%, the resulting overall cost per member increased by nearly $3.
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. But the main reasons behind the increased administrative expenses over the last couple years are increased project

costs and data processing price increases. This includes the continuation of SB 1049 implementation, and the increase in implementation efforts as part of the modernization project. These major projects have required PERS to hire staff and consultants and conduct extensive work on our programs and systems.

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	

** Upward trend = positive result*



	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Actual	84	84	92	97	97	99	97	99	97	1,	1,	1,	98	99	97	1,	98	1,		
Target	82	83	92	93	92	93	97	98	99	99	99	99	1,	1,	1,	1,	1,	1,	1,	1,

How are we doing?
PERS' member to staff ratio increased to 1,005:1 in FY2025, up from 986:1 in FY2024. The staffing for FY25 remained the same as in FY24, while the membership total increased by 1.9%. Due to a large legislative implementation project for SB1049 and the commencement of its modernization project, PERS added more than 66 FTE between FY2020 and FY2024. Despite the large staffing increase over the last few years, the staffing remained the same in FY2025, and the resulting Member to Staff ratio has increased above the targeted levels this year.

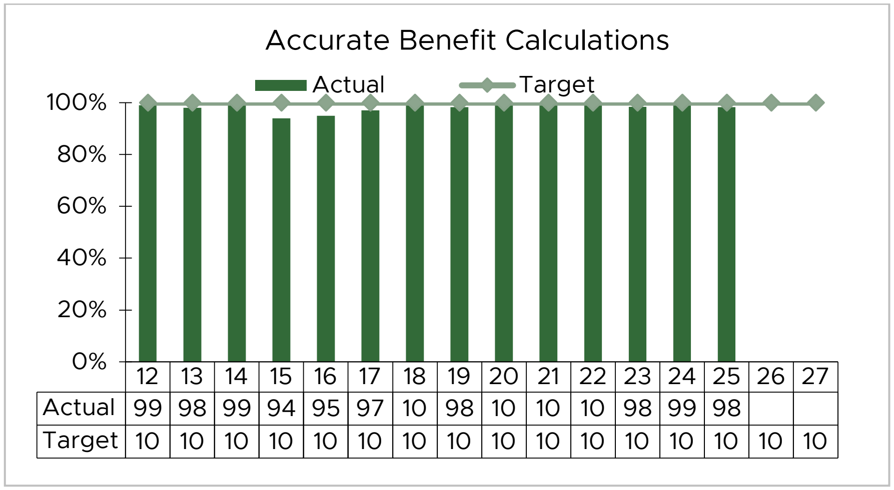
Factors affecting results

PERS is observed to be the second most complex system among nearly 70 other domestic and international public retirement systems identified in the CEM Benchmarking, Inc. Benchmarking Analysis each year. 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. While budgeted staffing decreased over the ensuing years, the recent legislative changes have again resulted in increased staffing. With the onset of the SB 1049 implementation and modernization projects, PERS' Legislatively Approved Budget for 2025-27includes increased staffing to 441 positions (435.98 FTE). The Member to Staff Ratio measurement will remain significantly impacted during the course of these two large projects.

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	

** Upward trend = positive result*



How are we doing?

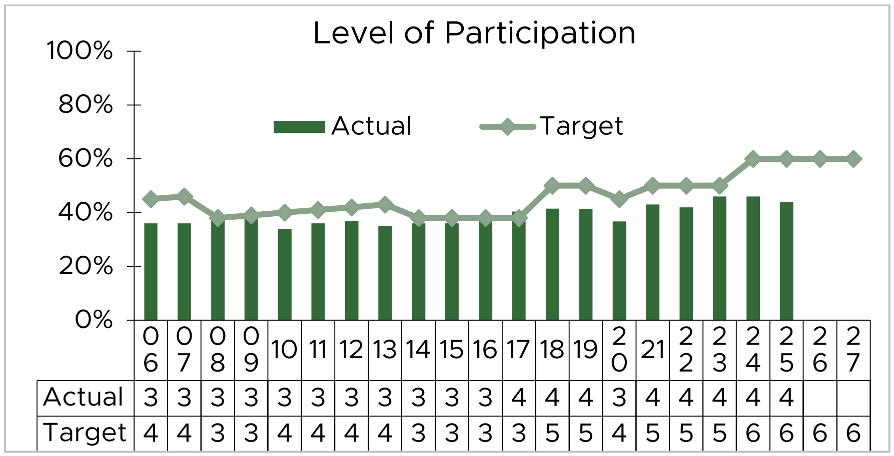
In FY2025, initial service retirement benefit calculations were accurate to within $5 per month for 98.3% of the calculations included in the annual random sample audit. The performance this year was a slight decrease from the 99% rate achieved in FY2024. There were fourteen errors exceeding the $5 threshold, for an error rate of 1.67% in the sample audit.

Factors affecting results

The PERS Calculations team has a high-level focus on preventing errors during the benefit calculation process. The team provides ongoing training and support to ensure that our benefit calculations are paid to members correctly the first time.

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 Debby Larsen, 503-431-8985	

** Upward trend = positive result*



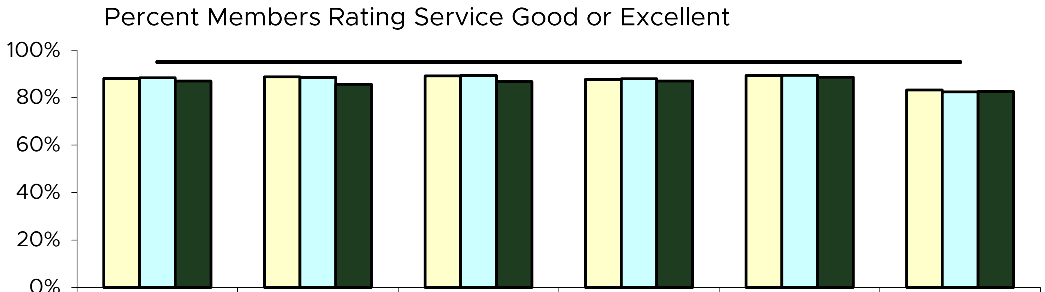
How are we doing?

State government employee participation in OSGP decreased to 43.6% in FY2025, down from 46.3% in FY2024. Participating State employees increased by 6%, but the number of eligible state employees increased by 13%. Increased focus on gaining new enrollees has enabled OSGP to hold a high participation rate, among increasing numbers of eligible state employees.

Factors affecting results

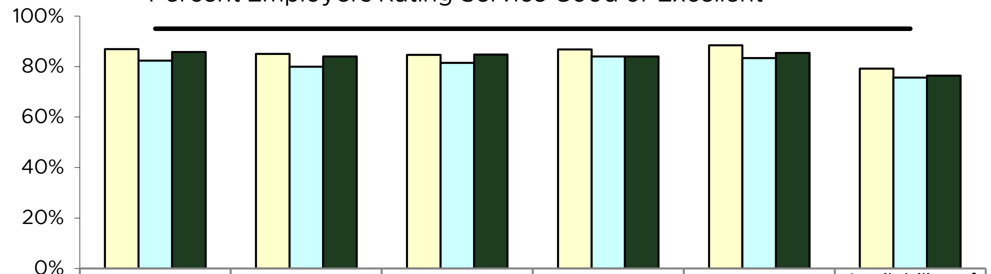
Because OSGP is voluntary for state employees, to have both a relatively high rate of penetration and increasing average monthly deferrals reflects that the Deferred Compensation program is both well-known and represents an important retirement savings tool for many state employees. Despite this, there are other 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. This expo has even been recognized by groups nationally that want to mirror these efforts. OSGP has also initiated an agency measure focused on gaining higher numbers of new state employee enrollees each quarter. This goal will help to mitigate the numbers of active participants exiting to retirement.

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	



	Overall	Timeliness	Accuracy	Helpfulness	Expertise	Availability of Information
2023	88%	89%	89%	88%	89%	83%
2024	88%	89%	89%	88%	89%	82%
2025	87%	86%	87%	87%	89%	83%
2023-25 Target	95%	95%	95%	95%	95%	95%

Percent Employers Rating Service Good or Excellent



	Overall	Timeliness	Accuracy	Helpfulness	Expertise	Availability of Information
2023	87%	85%	85%	87%	88%	79%
2024	82%	80%	81%	84%	83%	76%
2025	86%	84%	85%	84%	85%	76%
2023-25 Target	95%	95%	95%	95%	95%	95%

How are we doing?

For the FY2025 member survey, PERS received lower ratings to FY2024 across most categories. There were slight improvements in Availability of Information and Expertise. Members rated PERS between 83% and 89% ‘good’ or ‘excellent’, with 87% of members rating PERS overall service as good or excellent. Members rated PERS highest in Expertise (89%) and lowest in Availability of Information (83%).

In the FY2025 employer survey, the results reflected improved ratings in all categories. Employers rated PERS between 76% and 86% ‘good’ or ‘excellent,’ with 86% of employers rating PERS overall service as excellent or good. Employers rated PERS highest in Expertise (84%) and lowest in Availability of Information (76%).

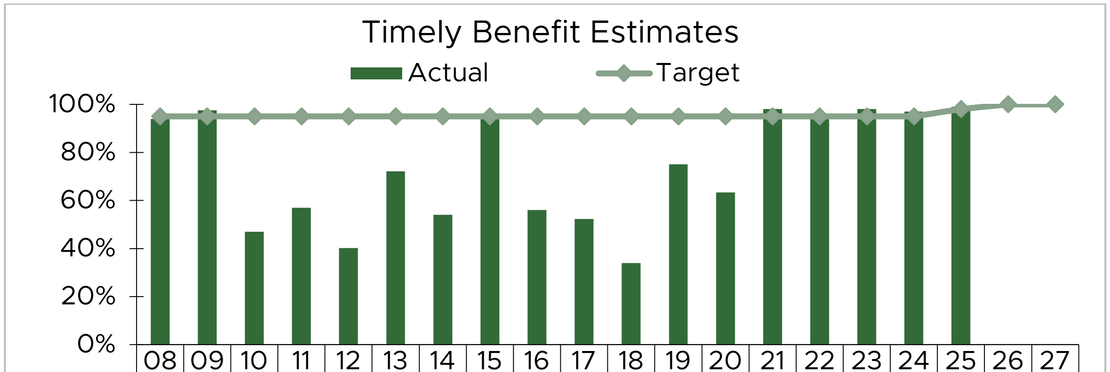
Factors affecting results

PERS continues to keep customer service and satisfaction as a major focus in its agency strategies and staff efforts. Nearly 40% of comments received were praise and appreciation for PERS benefits, staff and services. Concerns voiced by members include legislative and economic concerns (24%), including legislative changes and PERS investments, customer service concerns (15%), including long call wait times, and communication and member education concerns (15%), including difficulty finding information on the PERS website and publications/communication not being adequate or clear. Looking ahead, PERS will be aiming to make some customer service gains through modernization improvements.

For the Employer service ratings, the top areas of concern were training and communication, and reporting and technology. Some of the concerns voiced by employers include wanting more training available or not knowing what training is available, experiencing challenges with employer reporting, and seeking updated features in EDX. Future endeavors are aimed at improving trainings and webinars offered, and more employer guides and materials.

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	

** Upward trend = positive result*



	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Actual	94	97	47	57	40	72	54	94	56	52	34	75	63	98	96	98	97	99		
Target	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	98	10	10

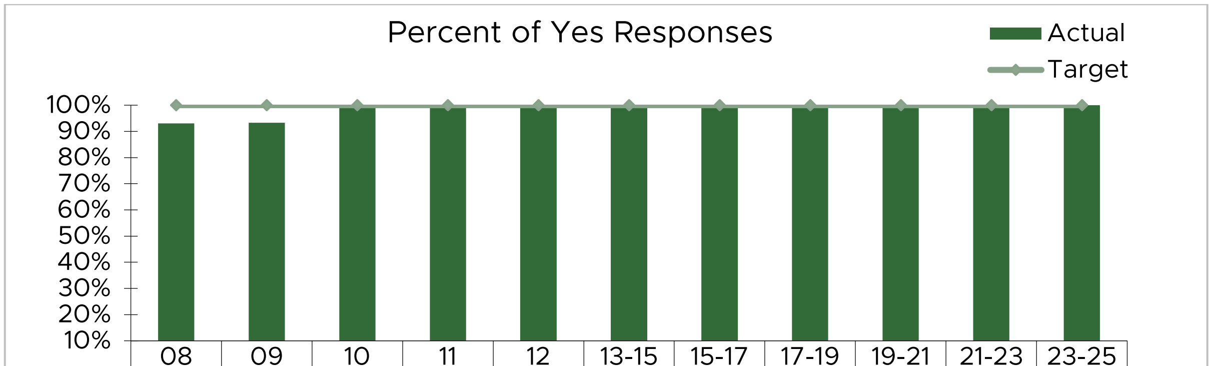
How are we doing?
For FY2025, PERS provided member benefit estimates within 30 days 99% of the time. This is an improvement from the FY2024 performance of 97%. This year's 99% performance represents a continuation of higher performance over the last five years, when PERS bested the 95% targeted level of performance each year (this year's target was moved up to 98%). This is remarkable considering some of the challenges faced over the last few years (SB 1049 implementation and modernization work).

Factors affecting results
Despite the challenges posed by PERS' implementation efforts surrounding SB1049 and the commencement of our modernization project, we were able to continue a very high level of performance for this measure and meet the increased target this year. Both of these large projects are multi-year efforts that have involved hiring additional staff and resources and moving some existing staff over to the projects. This has impacted staff available for other PERS functions, including preparing benefit estimates. But PERS was able to maintain an increased level of production for benefit estimates this year due to several key efforts: having a lead to accomplish the

work efficiently, constant monitoring and regulation of incoming work, cross-training staff on different PERS plans, and collaboration with other teams to improve process and productivity.

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	

** Upward trend = positive result*



	08	09	10	11	12	13-15	15-17	17-19	19-21	21-23	23-25
Actual	93%	93%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Target	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

How are we doing?

The PERS Board completed the self-assessment survey process for the 2023-25 biennium using the online SurveyMonkey.com tool in July of 2024. Continuing the approach used in previous biennia, the Board assessed their 2023-25 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 and will reflect a 100% rating for this measure. There were four criteria that received one or two ‘Meets but needs improvement’ votes: The Board is appropriately involved in review of the agency’s key communications, The Board is appropriately involved in policy-making activities, The agency’s policy option packages are aligned with its mission and goals, and The Board appropriately accounts for resources. There was and will be discussion with the Board to shore up these areas that may need improvement.

Factors affecting results

Budget Narrative

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 these best practices through their activities and discussions at Board and Audit Committee meetings. And in response to the current self-evaluation, more attention and effort will be placed on ensuring the PERS Board takes every step to review key communications, remain involved in policy decisions, and remain involved in budget and resource discussions.

Audit Response Report
The following reports were completed and/or issued by the Secretary of State or the Joint Legislative Audit Committee in the 2023-25 biennium and thus far in the 2025-27 biennium:

2023–25 Biennium

Report # 2023-38: *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2023* (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2024-08: Audit of Pension Schedule of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2023 (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2024-09: Audit of RHIA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2023 (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2024-10: Audit of RHIPA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2023 (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2024-35: *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2024* (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2025-04: Audit of Pension Schedule of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2024 (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2025-05: Audit of RHIA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2024 (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2025-06: Audit of RHIPA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2024 (Contract Audit)
No significant deficiencies or material weaknesses.

2025-27 Biennium (to date)

Report # 2025-30: *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2025* (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2026-07: Audit of Pension Schedule of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2025 (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2026-08: Audit of RHIPA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2025 (Contract Audit)
No significant deficiencies or material weaknesses.

Report # 2026-09: Audit of RHIA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2025 (Contract Audit)
No significant deficiencies or material weaknesses.

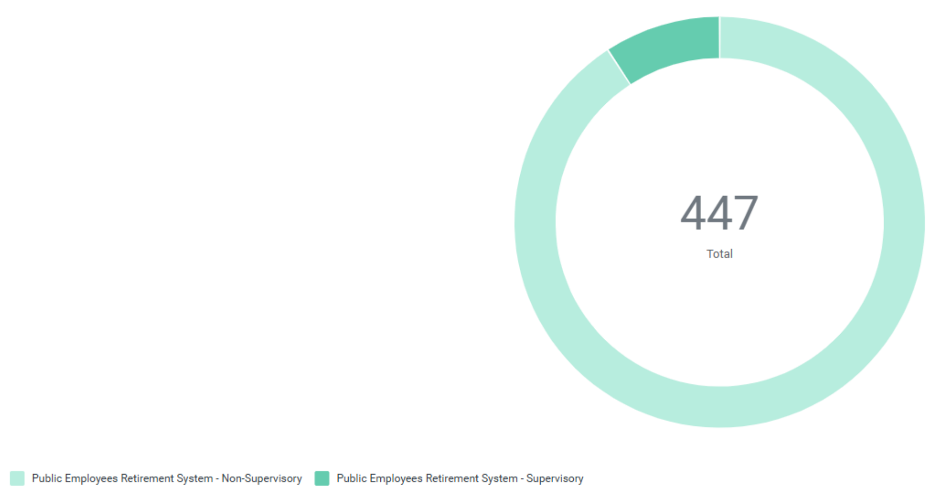
Supervisory Span of Control Report

HCM | Span of Control Counts by Company (Company or Supervisory Organization Selection)

02:02 PM
07/17/2026
Page 1 of 1

Effective as of Date and Time: 07/17/2026 12:00:00.000 AM
Company: Public Employees Retirement System
Include Subordinate Organizations: Yes

Company	Supervision Category	Filled	Vacant	Total
Public Employees Retirement System	Non-Supervisory	381	25	406
Public Employees Retirement System	Supervisory	39	2	41
Total		420	27	447



Proposed Supervisory Span of Control Report

In accordance with the requirements of ORS 291.227, the Public Employees Retirement System presents this report to the Joint Ways and Means Committee regarding the agency's proposed maximum supervisory ratio for the 2025–2027 biennium.

Supervisory ratio for the last quarter of 2023–25 biennium

The agency actual supervisory ratio as of March 31, 2026, is 11:44.
(Enter ratio from last published DAS CHRO supervisory ratio.)

The Agency actual supervisory ratio is calculated using the following calculation;

40 = 39 + 2 - (1)
(Total supervisors) (Employee in a supervisory role) (Vacancies that if filled would perform a supervisory role) (Agency head)

406 = 381 + 25
(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: 10.15 = 406 / 40
(Actual span of control) (Total non - Supervisors) (Total Supervisors)

When determining an agency maximum supervisory ratio, all agencies shall begin at a baseline supervisory ratio of 1:11 and based upon some or all of the following factors may adjust the ratio up or down to fit the needs of the agency.

Narrow span		*Wide span*
High	**Risk to public/employee safety**	Low
Dispersed Complex	**Geographic location(s) of subordinates**	Assembled Not complex
Low	**Best practices/industry standards**	High
Small	**Agency size/hours of operation**	Large
Many	**Non agency staff/temporary employees**	Few
High	**Financial responsibility**	Low
More supervisors		Fewer supervisors

Ratio adjustment factors

Is safety of the public or of state employees a factor to be considered in determining the agency maximum supervisory ratio? **No**

Is geographical location of the agency's employees a factor to be considered in determining the agency maximum supervisory ratio? **Yes**

Is the complexity of the agency's duties a factor to be considered in determining the agency maximum supervisory ratio? **Yes**

Are there industry best practices and standards that should be a factor when determining the agency maximum supervisory ratio? **Yes**

Is size and hours of operation of the agency a factor to be considered in determining the agency maximum supervisory ratio? **No**

Are there unique personnel needs of the agency, including the agency's use of volunteers, seasonal, or temporary employees, or is exercise of supervisory authority by agency supervisory employees over personnel who are not agency employees a factor to be considered in determining the agency maximum supervisory ratio? **Yes**

Is the financial scope and responsibility of the agency a factor to be considered in determining the agency maximum supervisory ratio? **Yes**

BUDGET NARRATIVE

Based upon the described factors above the agency proposes a maximum supervisory ratio of 1:10.

Unions requiring notification: SEIU Local 503

Date unions notified: June 25, 2026

Submitted by Director Kevin Olineck: **Date:** June 24, 2026

Signed by Deputy Director Kai Turner: **Date:** June 24, 2026

Signed by Chief Financial Officer Richard Horsford: **Date:** June 24, 2026

Signed by Chief Audit Officer Jason Stanley: **Date:** June 24, 2026

Signed by Chief Operations Officer Sam Paris: **Date:** June 24, 2026

Signed by Chief Information Officer Jordan Masanga: **Date:** June 24, 2026

Affirmative Action Report

OVERVIEW

Affirmative Action

The Public Employees Retirement System (PERS) recognizes the importance of fostering fairness, inclusion, and maintaining a workplace culture where everyone is treated with respect and dignity regardless of race, color, national origin, religion, sex, sexual orientation, gender identity, marital status, age, veteran status, disability, or status as a victim of domestic violence, harassment, sexual assault, or stalking.

The core of our humanity is a testament to our affinity with the Oregon Revised Statutes (ORS) 182.100, 243.305, 243.315, and 659A.012; direction from the Governor in Executive Order 17-11, the federal Title VII of the 1964 Civil Rights Act; and Section 503 of the Rehabilitation Act of 1973.

It is understood that racial inequities are not random and have been created over time. Because of this, we must be proactive in advancing racial equity and increase success by integrating equity, inclusion, and accessibility practices into routine decision making. The following plan demonstrates our efforts to promote and support equity and inclusion by illustrating measurable acts of purpose.

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.

Agency Operational Structure, Mission, Core values, and Operating Principles

The Oregon Public Employees Retirement System (PERS) administers retirement benefits to about 95% of Oregon's public employees. The PERS agency has over 440 employees who support more than 198,000 active PERS members, 168,500+ retirees, and more than 900 participating agencies throughout Oregon.

The purpose of the PERS Affirmative Action Plan (AAP) is to outline our goals as pertains to creating an inclusive, dynamic, and equitable environment within PERS for 2027 through 2029 and the actions the agency is taking to achieve them. It also shows the progress PERS has made over the last few years as well as our areas of opportunity.

The goals outlined in this plan illustrate the significance of DEIA and affirmative action within PERS. Our leadership team will ensure that every PERS manager and supervisor knows and understands the contents of this and commits to accomplishing its goals. All PERS employees will be offered training and self-learning opportunities to help them understand and appreciate the many benefits of a diverse workforce and an inclusive work culture.

Prioritizing diversity and inclusion dovetails with our core values of respect and service. By following this plan, we ensure that PERS will continue to fully support diversity, inclusion, nondiscrimination, and equal employment practices in our recruitment, hiring, development, and promotion of employees.

It is our intention that through our inclusive culture, remote work options, and increasing growth opportunities, PERS will become an employer of choice in Oregon.

Operational Structure

In the last six years, our agency has transformed operations to allow 80% of our workforce to work on a fully remote basis while approximately 10% work in a hybrid model of 2 days or fewer per week in office. The remaining 10% of our staff is in the office 3 or more days per week. This shift has increased our recruitment candidate pool and allowed for opportunity accessibility for a greater number of qualified candidates. In several recruitments, our pools have exceeded 400 candidates. This effort has also led to one of the highest employee satisfaction ratings in all state government. Through the latest statewide Gallup employee engagement survey efforts, PERS was recognized in the top 10% of state employers for engagement. Employees continually identified remote work and its subsequent positive work/life balance as a key factor for satisfaction, and one of the greatest benefits to working at PERS.

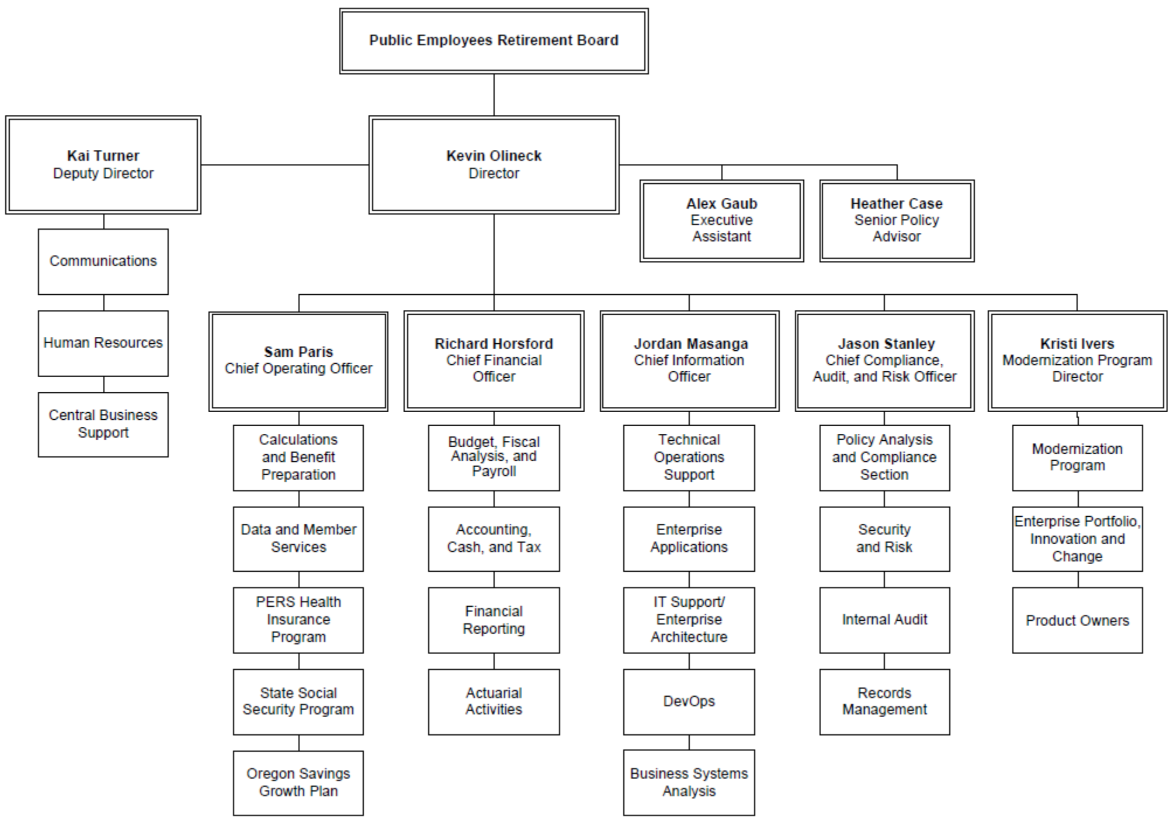
While these results are positive, we know there is opportunity to create accessibility to PERS as an employer for a more dynamic candidate pool. Our agency has struggled with recruiting and retaining employees from underrepresented communities. With our mission in mind, it is imperative that our agency reflect those we serve. In this way, PERS can align the needs of our members and employers firmly and intentionally.

Agency Director:	Kevin Olineck, Agency Head
Governor's Policy Advisor:	Vince Porter
Affirmative Action Representative:	Amanda Goss, HR Manager Kai Turner, Deputy Director
COBID Contracting Lead:	Mario Graham-Tutt, Procurement Manager

Plan Resources, Support, and Accountability

This plan was initiated by the Director, Deputy Director, and the HR manager with input from the Executive Leadership Team (i.e., division administrators) and the PERS DEIA Committee members in conjunction with the work associated with the PERS DEIA Plan. As set out in the PERS DEIA Plan, division administrators will engage with their direct-report managers in their division to set objectives and tactics to support the agency's Affirmative Action, DEIA, and Strategic Plan goals, all of which center around inclusion and accessibility at every level of the employee life cycle.

Agency Organizational Chart



PERS 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.

Core Values and Operating Principles

Service focus. Accuracy. Professionalism.
Accountability. Integrity. Judiciousness.
Vigilance.

Summary and Analysis of Protected Classes and Racial Diversity

The following charts illustrate historical information as well as our current staff demographic makeup. From 2023 to present, we have experienced an approximate 1% decrease in employees who identify as white and a modest increase in employees who identify as two or more races. There has also been a modest increase in the number of staff who identify as Asian/Pacific Islander and in the racial diversity of managers or supervisors in two categories: Asian/Pacific Islander and Two or More Races.

PERS offers many jobs that minimize or do not require commuting to work and are fully remote. These positions range from entry level to mid-level management. Because more than 80% of our positions are fully remote, it is prudent to examine our demographics in terms of the full population of Oregon rather than focusing on the Portland Metro area alone.

Per the 2025 United States Census Bureau, Oregon's population is 82.2% white. As shown in the next chart, the PERS employee population is 68.4% white, which demonstrates the agency's commitment to a dynamic workforce.

2026 PERS Racial/Ethnicity Data

White	Black/ African American	Asian/ Pacific Islander	Hispanic or Latino	Eastern European	American Indian or Alaska Native	Two or more races
68.4%	3.0%	15.9%	4.2%	-	.7%	4.8

2025 Oregon Census Data

White	Black/ African American	Asian/ Pacific Islander	Hispanic or Latino	Eastern European	American Indian or Alaska Native	Two or more races
82.2%	2.5%	6%	16.2%	-	2.6%	6.8%

Last biennium, PERS completed a review of our structure and requested, through the legislative budgetary process, to increase our number of supervisory/management positions. This decreased our agency ratio from 11:1 to 10:1. The reasons for this change were to:

- Reduce the number of staff reporting to one manager/supervisor.
- Create a succession plan between mid-line managers and administrators.

One of the key elements of our plan and toward which PERS has made significant progress in the last biennium is the development and launch of the agency's pilot internship program, which supports not only our Affirmative Action goals, but also supports our DEIA goals, and succession planning efforts.

This 10-week pilot program interfaces closely with our community and ultimately aims for the creation of meaningful entry points into public service careers. The program provides students with practical, hands-on experience, mentorship, and exposure to the diverse functions of the agency and the wider enterprise, helping students build the skills and professional networks necessary for future career success within the public sector. Interns will work with their mentors through specific project scopes with defined success outcomes over the course of their ten weeks, partner with sister agencies for resume-writing and interview training and participate in a mock-interview panel where they have an opportunity to practice their new skills, learn about interviewing with the state, and gain meaningful feedback on these skills.   Ultimately, through partnerships with local colleges, universities, and community organizations, the program will strengthen connections between education and employment in public service while creating a talent pipeline that is reflective of the communities we serve. Beginning in 2027, PERS seeks to expand the program to additional cohorts, partner with additional institutions, and further expand access to state service.

PERS has also undertaken meaningful efforts toward the development and implementation of PERS Succession Plan, which dovetails with our new internship program, and seeks to provide meaningful career opportunity access to existing staff and prevent any workforce disruption through attrition. In this way, the internship program represents a strategic investment in the future of our workforce. By engaging students and emerging professionals who bring current academic training, evolving technical competencies, and fresh perspectives, the agency benefits from innovative thinking and contemporary skill sets that support continuous improvement and organizational effectiveness. PERS' internship program will also contribute to long-term succession planning by cultivating a pool of qualified future candidates who are familiar with our mission, values, and operations. Through intentional outreach and equitable recruitment practices, PERS aim is to attract highly qualified individuals from diverse backgrounds and experiences, strengthening both workforce representation and organizational resilience for years to come. The internship program also serves as a strategic investment in expanding access to employment opportunities and cultivating a more diverse talent pipeline. By intentionally broadening outreach efforts and reducing barriers to participation, the program is designed to attract highly qualified candidates from a wide range of backgrounds, experiences and perspectives. The agency views this initiative as an important step toward strengthening workforce representation, fostering innovation through diverse viewpoints, and developing the next generation of professionals who will serve our communities.

PERS understands the importance of committing to action and enacting meaningful measures to support our affirmative action and DEIA goals. This includes attracting, creating pathways for, hiring and promoting from a diverse pool of candidates and increasing management accountability for hiring, motivating, collaborating, and supporting diverse employees through career trajectory goals. The following chart illustrates our progress toward these commitments.

May 2024 and June 2026 Views of Agency Demographics and Racial/Ethnicity

Group	Male*	Female*	White	Black/ African American	Asian/ Pacific Islander	Hispanic or Latino	Eastern European	American Indian or Alaska native	Two or more races	Non-disclosed
Board of directors 5/2024	3	2	2	0	1	1	0	0	0	0
6/2026	4	1	4	0	0	1	0	0	0	0
Execs 5/2024	5	1	5	0	1	0	0	0	0	0
6/2026	6	1	5	1	1	0	0	0	0	0
Managers 5/2024	17	16	23	1	2	1	0	0	4	2
6/2026	23	16	29	1	4	1	0	1	2	0
Employees 5/2024	132	229	250	13	58	10	0	4	15	11
6/2026	177	256	271	12	65	17	0	3	20	11
Total staff 6/2026	156	248	296	13	69	18	0	3	21	13
Percent	38.5%	61.2%	68.4%	3.0%	15.9%	4.2%	-	.7%	4.8%	3.0%

*Workday does not collect non-binary information.

When considering supervisory/management positions, we have furthered our engagement with staff as we have more staff considering leadership positions. There are also more staff who identify as Asian/Pacific Islander moving into supervisory positions.

Agency Staff by Gender and Race/Ethnicity

As noted below, our employee count increased since 2024 with additions to our Hispanic or Latino and Asian populations as well as those who identify as Two or More Race. Though Black/African American representation increased at the executive level, overall, there was a decrease in staff who identify as Black/African American, as well as White, and those who did not wish to disclose their race/ethnicity.

<u>06/2026 Compared to 05/2024</u>

	2026				2024			
Racial category	Female	Male	All	Percent	Female	Male	All	Percent
American Indian/Alaska Native	2	1	3	.7%	4	0	4	1.0%
Asian	50	19	69	15.9%	45	17	62	15.3%
Black/African American	4	9	13	3.0%	5	9	14	3.5%
Hispanic or Latino	8	10	18	4.2	8	4	12	3.0%
I do not wish to answer	5	68	13	3.0%	7	6	13	3.2%
Native Hawaiian/ Other Pacific Islander	-	-	-	-	-	-	-	-
Two or more races	13	8	21	4.8%	14	5	19	4.7%
White	174	122	296	68.4%	163	117	280	69.1%
Totals	256	156	404	100.0%	248	156	404	100.0%

Supervisor/Management Race/Ethnicity

6/30/2026 compared to 5/01/2024

Racial category	2026	2026 %	2024	2024 %
American Indian/Alaska Native	-	-	-	-
Asian	4	10.3%	3	8.8%
Black/African American	1	2.6%	1	2.9%
Hispanic or Latino	1	2.6%	1	2.9%
No answer provided	2	5.1%	2	5.9%
Two or more races	2	5.1%	2	5.9%
White	29	74.4%	25	73.5%
Totals	39	100.0%	34	100.0%

Veterans

There was a slight increase in staff identifying as veterans, a trend that has continued for 2 biennia.

Reporting as of 06/2026 compared to 05/2024

Veteran status	2026 %	2026	2024 %	2024
Not a veteran	95.4%	413	95.6%	387
Veteran	4.6%	20	4.2%	17
Total	100.0%	404	100.0%	439

Disabled Employees

We had a slight increase in reported disabilities. In tandem with this uptick, we have seen an increase in Oregon Family Leave Act (OFLA)/Family and Medical Leave Act (FMLA) cases. We understand that some staff believe there is a stigma with disabilities, and they prefer not to report them. In addition, some staff have retired because of their disability or the disability of a loved one.

Reporting as of 6/2026 compared to 5/2024

Disability status	2026 %	2026	2024 %	2024
No reported disability	98.6%	427	98.5%	399
Reported disability	1.4%	6	1.2%	5
Total	100.0%	404	100.0%	404

Employee Promotions by Race and Gender

There have been an increase in promotions for women who report as being two or more races. While there has been a decline in promotions for Black/African American, and Asian staff, the number of promotions in 2026 was lesser overall than in the previous cycle count of 2024. To motivate staff to seek and apply for promotional opportunities and as part of our succession planning efforts, the agency is working to increase accessibility to training and development opportunities to allow staff to upskill and be as competitive as possible in promotional and other recruitment processes. Managers speak to all qualified personnel about these opportunities, and this has yielded interest from our racially diverse staff.

6/2026 Compared to 05/2024

Race/ethnicity	2026 female	2026 male	2026 promotion count	2024 female	2024 male	2024 promotion count
White	3	2	5	20	8	28
Asian	3	-	3	5	5	10
Black or African American	0	-	-	0	3	3
Hispanic/Latino	1	-	1	0	1	1

Two or more races	1	-	1	-	-	-
I do not wish to answer	-	-	-	0	1	1
Total	8	2	10	22	18	40

2025 Updated Goals and Progress Since That Time

In 2025, after consultation with OCC, PERS updated our AAP goals mid-cycle to more accurately reflect the needs of the agency and consolidate efforts that would most meaningfully impact our agency, our staff, and our potential staff.

Goal description	Leadership evaluation
Promote the attraction, hiring, and retention of the most qualified candidates to PERS.	In establishing this goal, PERS aims to provide equitable access to job opportunities with the agency in dynamic environments. To do this, PERS has: • Established membership with Partners in Diversity • Published all openings through Partners in Diversity to engage dynamic talent pool • Developed and rolled out an updated internship program to attract prospective employees who may not generally pursue employment with State service to demonstrate PERS' position as employer of choice. In the next biennium, PERS plans to continue our success in this endeavor by: • Partnering with more educational institutions for our internship program, including HBCUs, less-traditional learning institutions, and those which more accurately reflect the underrepresented communities we seek to engage • Establish membership with Civic Match • Publish all openings through Civic Match to further engage dynamic talent pool

	• Partner with veterans' organizations to promote the attraction and career development of veterans at PERS
Aim to provide equitable access to career development and promotional opportunities for existing employees.	With the implementation of this goal, PERS seeks not only to provide robust training and development opportunities to interested staff, but also to increase visibility to, and communication around, new job openings and developmental opportunities. To accomplish this, PERS has: • Updated and refined the recruitment process, to include a step where staff communication is developed for each job opening. Managers provide this announcement to encourage their staff to seek additional opportunities. To further achieve this goal, PERS is currently in the process of: • Liaising with agency training to catalog and make available all training currently available within PERS and State libraries. • Developing a communication cadence to provide ongoing visibility and reinforcement of training and development opportunities. • Establishing methodology for ongoing communication around existing methodologies, i.e. O'Reilly, Workday Learning, Tuition Reimbursement.

2027–2029 Agency Diversity and Inclusion Statement

PERS recognizes the importance of eliminating discrimination and disparities within the workplace. To advance a culture of change within our agency, and as recognition that PERS serves a diverse population of members and retirees, the PERS Community Committee was renamed the PERS Diversity, Equity, Inclusion and Accessibility (DEIA) Committee.

The PERS DEIA Committee has been appointed as an advisory body to the Executive Leadership Team. The work of the DEIA Committee includes:

- Research opportunities for leadership and staff training on DEI concepts.
- Collaborating with Agency Training on implementation strategies.
- Providing input into the DEIA Plan
- Defining diversity, equity, inclusion, and accessibility performance goals for managers and staff in the form of recommendations to the ELT
- Development of the Affirmative Action Plan, including outcomes and measures of success.
- Contracting with diverse community partners to support the DEIA activities.

In further recognition of advancing the work of DEIA at PERS, the director and deputy director are in support of certification of the HR manager as primary DEIA practitioner to ensure success within this important body of work.

Agency Affirmative Action Policy Statement

PERS takes responsibility for actions and measures that promote hiring and supporting a diverse workforce. This work includes:

- Initiating the launch of our first internship program.
- Implementing panel interview training.
- Hosting our first remote job fair.
- Leveraging the agency's current succession plan to create career development pathways for current employees.
- Creating knowledge retention and transfer processes for new employees.
- Continuing to share local and state programs that recognize community, cultural events, and other information representing Oregon's diversity.
- In support of the internship program, developing and implementing a mentorship training program that defines appropriate communication strategies that support new-to-work programs and ongoing education of staff.
- Sharing information with staff regarding opportunities to learn and adopt racial equity practices in the workplace. This work may include contracting with DEI providers to help provide support for this effort.

Development and expectations

Leaders have participated in training and independent learning that have increased their awareness and knowledge of DEI history, racial inequities, hiring practices, bias, and the importance of change. To meet our DEIA goals, PERS is moving from awareness and knowledge to expectations and implementation. The newly developed PERS DEIA Plan, of which this document is a part, delineates supervisor, manager, and leadership expectations to achieve the goals outlined in this affirmative action plan and the DEI Plan as well.
Minority businesses

Currently, PERS does not have any active contracts with Certification Office for Business Inclusion and Diversity (COBID) certified firms.

Many of the high-dollar contract opportunities at PERS are for technology upgrades, software, programming, and specialty services specifically related to the administration of the Oregon Savings Growth Plan (administered by Voya) and PERS Health Insurance Program (administered by Segal Consulting and Benefit Help Solutions). Other contracts are developed under the state of Oregon contracts available to PERS, and contracts and purchases for general operating needs are awarded directly to suppliers who are on mandatory state price agreements. These are competitively bid through the Department of Administrative Services (DAS) Procurement Services group. Some suppliers are likely certified COBID suppliers, but that information is not tracked at the agency level. When there are opportunities/solicitations for new business to the open market, PERS procurement staff members take these additional steps: Search the Oregon Business Development Department's COBID vendor list for certified firms that could respond to the solicitation. Review and remove unnecessary restrictive requirements in solicitation documents that may discourage COBID bidders. Include language in the Request for Proposal that encourages suppliers to become certified and direct them to COBID information. The PERS Procurement staff have provided information to small, minority-owned, and women-owned businesses on becoming certified and encouraged them to participate in Oregon's program. However, some have chosen not to pursue certification. Procurement staff continue their efforts and are participating in the launch of the new OregonBuys web-based eProcurement system https://oregonbuys.gov/bso/.

Complaint Options

Staff are encouraged to follow the processes set out in the training: *DAS – CHRO – 2024 Preventing Discrimination and Harassment* and the Discrimination and Harassment Free Workplace policy: https://www.oregon.gov/das/Policies/50-010-01.pdf.

PERS AAP Appendix
Agency documentation in support of the PERS Affirmative Action Plan

Agency documentation includes internal policies and procedures for implementation of Affirmative Action Plan goals for recruitment, retention, and development/advancement of staff.

State Documentation

State of Oregon Diversity, Equity, and Inclusion Action Plan (2021):
DEI_Action_Plan_2021.pdf (oregon.gov)

- Executive Order No. 22-11.
- ADA and Reasonable Accommodation in Employment (statewide policy 50.020.10).
- Discrimination and Harassment Free Workplace (statewide policy 50.010.01).
- Employee Development and Implementation of Oregon Benchmarks for Workforce Development (state HR policy 50.045.01).
- Duties of Administrator (ORS 240.145).
- Rules Applicable to Management Services (ORS 240.250).
- Recruitment and Selection (statewide policy 40.010.02).

- Veterans Preference in Public Employment (ORS 408.230).
- Equal Opportunity and Affirmative Action Rule (105.040.0001).
- 2023-2025 Affirmative Action Plan Guidelines; Updated August 2022.

Federal Documentation

- Age Discrimination in Employment Act of 1967 (ADEA).
- Disability Discrimination Title I of the Americans with Disability Act of 1990.
- Genetic Information Discrimination Title II of the Genetic Information Nondiscrimination Act of 2008 (GINA).
- Equal Pay and Compensation Discrimination Equal Pay Act of 1963.
- Title VII of the Civil Rights Act of 1964:
  - National Origin Discrimination.
  - Discrimination.
  - Race/Color Discrimination.
  - Religious Discrimination.
  - Sex-Based Discrimination.
  - Sexual Harassment.
- Retaliation Title VII of Civil Agency Affirmative Action Policy.
- Executive Order 11246 (Office of Federal Contract Compliance Programs (OFCCP) regulations).

Workforce equity	The elimination of barriers to employment that stem from hiring-panel biases. This creates a workforce that is more representative of the general population and a workplace that is more inclusive of all kinds of people.

Strategic Plan Measures

PROCESS MEASURES: Managing & Developing the Workforce														
	No.	Measure Name	Measure Calculation	RANGE			Target	Desired Perform. Trend	Data Collection Frequency	Data Source	Measure Owner	Last Status	Status	Trend
				Red	Yellow	Green								
Cost [or Quantity]	SP5a	Employee Check-ins	% of employees with a quarterly check-in	<90%	90-94	>95%	100%	↑	Quarterly	Workday	A. Goss	100%		-
Cost [or Quantity]	SP5b	Trial Service Determination	% of trial service determinations rendered 15 days prior to Trial Service end	<80%	80-90	>90%	95%	↑	Quarterly	Workday	A. Goss	100%	100%	=
Quality	SP5c	Recruitment	Average number of days for recruitments (from requisition to offer)	>60	51-60	<= 50	50	↓	Quarterly	Workday	A. Goss	56		+
Quality	SP5d	Telecommuting	% of staff telecommuting at least three days per week	<50%	50-70	>70%	80%	↑	Quarterly	Survey	A. Goss	93%	93%	=
Quality	SP5e	Quarterly Training Completed	% of DAS/PERS required training completed on time	<80%	80-90	>90%	95%	↑	Quarterly	Workday	A. Goss	n/a	100%	####

Annual Employee Engagement Results by Division

Q12® Item Results by Division

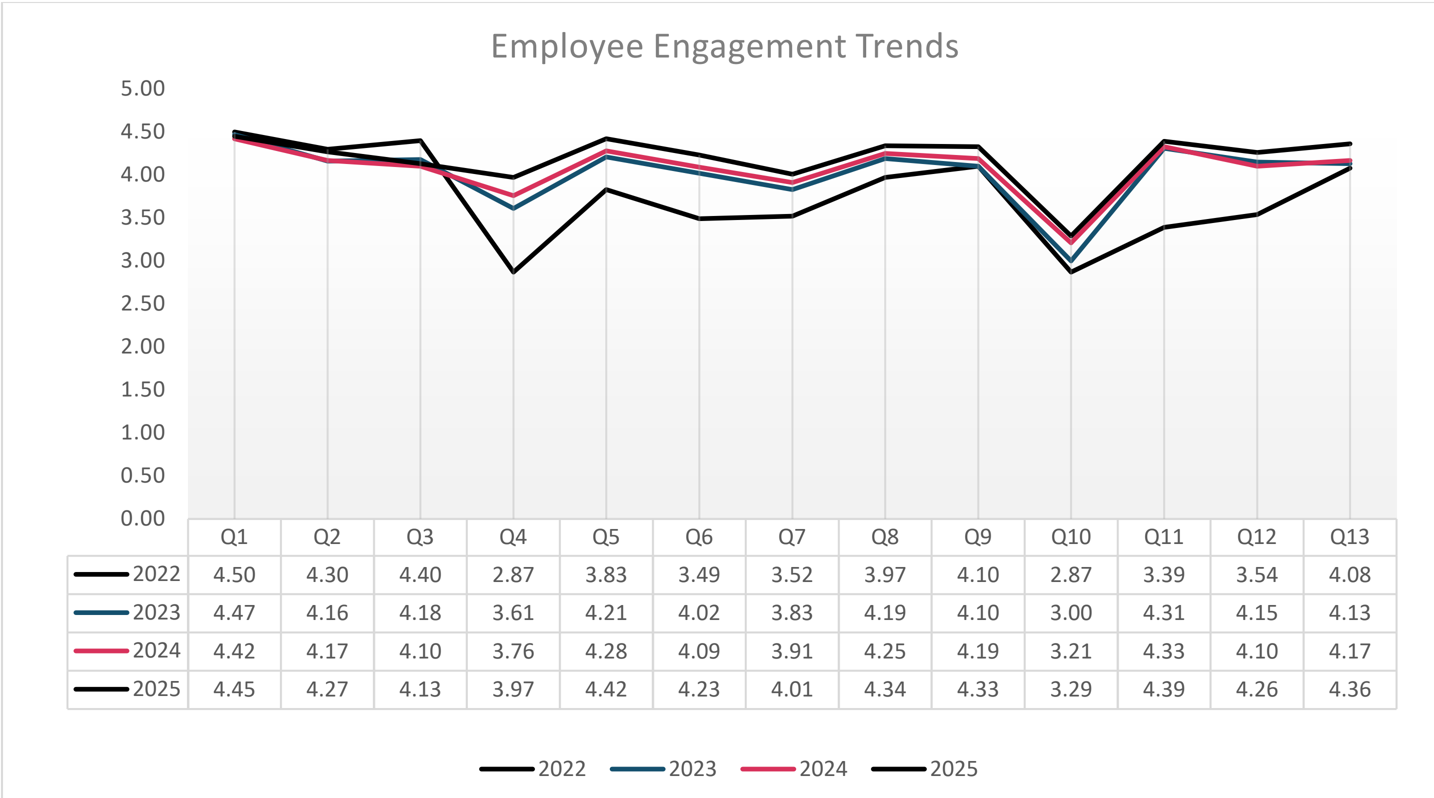
		OPERATIONS DIVISION		INFORMATION SERVICES DIVISION		CENTRAL ADMINISTRATION DIVISION		FINANCIAL SERVICES DIVISION		COMPLIANCE AUDIT & RISK DIVISION	
	n Size	162		65		49		27		19	
ENGAGEMENT MEAN		4.17	**+0.08**	4.08	**+0.18**	4.14	**+0.12**	4.39	**+0.31 ▲**	4.23	**+0.05**
	Q00 Overall Satisfaction	4.43	**+0.26 ▲**	4.11	+0.17	4.20	+0.03	4.56	**+0.20 ▲**	4.53	**+0.26 ▲**
GROWTH How do I grow?	**Q12** Learn and Grow	4.20	+0.15	4.25	+0.10	4.20	**+0.27 ▲**	4.44	**+0.37 ▲**	4.42	+0.09
	Q11 Progress	4.37	+0.07	4.26	-0.05	4.45	+0.08	4.52	**+0.45 ▲**	4.53	+0.01
TEAMWORK Do I belong?	**Q10** Best Friend	3.38	+0.01	3.22	**+0.24 ▲**	2.98	+0.16	3.62	**+0.36 ▲**	2.75	**-0.54 ▼**
	Q09 Committed to Quality	4.26	+0.06	4.38	**+0.27 ▲**	4.27	**+0.25 ▲**	4.44	**+0.26 ▲**	4.68	**+0.23 ▲**
	Q08 Mission/Purpose	4.41	+0.12	4.22	+0.17	4.12	+0.12	4.56	+0.10	4.42	+0.09
	Q07 Opinions Count	4.01	+0.11	3.78	+0.05	3.96	+0.13	4.26	**+0.37 ▲**	4.32	+0.14
INDIVIDUAL What do I give?	**Q06** Development	4.20	+0.10	4.23	**+0.28 ▲**	4.29	+0.12	4.26	**+0.22 ▲**	4.28	+0.03
	Q05 Cares About Me	4.40	+0.14	4.35	**+0.26 ▲**	4.43	+0.07	4.56	**+0.38 ▲**	4.47	-0.08
	Q04 Recognition	3.97	**+0.21 ▲**	3.70	**+0.30 ▲**	4.07	**+0.23 ▲**	4.26	**+0.48 ▲**	3.89	-0.02
	Q03 Opportunity to do Best	4.10	-0.09	3.98	+0.15	4.06	-0.01	4.59	**+0.34 ▲**	4.33	**+0.39 ▲**
BASICS What do I get?	**Q02** Materials and Equipment	4.21	+0.05	4.25	**+0.21 ▲**	4.45	+0.07	4.48	**+0.22 ▲**	4.05	-0.10
	Q01 Know What's Expected	4.49	-0.03	4.28	+0.17	4.31	-0.12	4.67	**+0.21 ▲**	4.58	**+0.28 ▲**

PERS Saw an Increase on Every Q12 Question

n Size = 331

		%1 (Strongly Disagree)	%2	%3	%4	%5 (Strongly Agree)	P'TILE	CURRENT MEAN	MEAN Δ	PAST MEAN
ENGAGEMENT MEAN							73rd	4.17	+0.10	4.07
	Q00 Overall Satisfaction			11	40	48	86th	4.36	+0.19	4.17
GROWTH How do I grow?	**Q12** Learn and Grow			13	28	53	68th	4.26	+0.16	4.10
	Q11 Progress			8	24	61	77th	4.39	+0.06	4.33
TEAMWORK Do I belong?	**Q10** Best Friend	15	13	27	20	26	50th	3.29	+0.08	3.21
	Q09 Committed to Quality			12	32	53	71st	4.33	+0.14	4.19
	Q08 Mission/Purpose			8	36	52	73rd	4.34	+0.09	4.25
	Q07 Opinions Count	5	5	17	30	43	72nd	4.01	+0.10	3.91
INDIVIDUAL What do I give?	**Q06** Development			11	30	52	70th	4.23	+0.14	4.09
	Q05 Cares About Me			10	24	62	63rd	4.42	+0.14	4.28
	Q04 Recognition	8	6	14	25	47	72nd	3.97	+0.21 ▲	3.76
	Q03 Opportunity to do Best		5	15	33	45	61st	4.13	+0.03	4.10
BASICS What do I get?	**Q02** Materials and Equipment			14	36	47	65th	4.27	+0.10	4.17
	Q01 Know What's Expected			7	34	57	61st	4.45	+0.03	4.42

2022–2025 Gallup Employee Engagement Survey Results



	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13
2022	4.50	4.30	4.40	2.87	3.83	3.49	3.52	3.97	4.10	2.87	3.39	3.54	4.08
2023	4.47	4.16	4.18	3.61	4.21	4.02	3.83	4.19	4.10	3.00	4.31	4.15	4.13
2024	4.42	4.17	4.10	3.76	4.28	4.09	3.91	4.25	4.19	3.21	4.33	4.10	4.17
2025	4.45	4.27	4.13	3.97	4.42	4.23	4.01	4.34	4.33	3.29	4.39	4.26	4.36

PERS Policies Adopted
PERS affirmative action strategies, actions, goals, and objectives are authorized through the authority as defined in state policies and the Governor's Executive Orders. The following policies are available to staff through our agency's intranet under Policies and Procedures.

Affirmative Action Policies and Executive Orders

- ADA and Reasonable Accommodation Policy (Statewide Policy 50.020.10).
- Discrimination and Harassment Free Workplace - (Statewide Policy No. 50.010.01).
- Employee Development and Implementation of Oregon Benchmarks for Workforce Development (Statewide Policy 50.045.01).
- Veterans Preference in Employment (40-055-03).
- Equal Opportunity and Affirmative Action Rule (105-040-0001).
- Executive Order 17-11: Relating to Affirmative Action and Diversity and Inclusion.
- http://www.oregon.gov/gov/policy/Documents/Federal_Affirmative_Action_TitleVII.pdf.
- Executive Order 22-11: Relating to Affirmative Action, Equal Employment Opportunity, Diversity, Equity, and Inclusion.

Complaint Procedures

PERS has a complaint process that begins with a concern initiated by a complainant. A complainant may reach out to Amanda Goss or any HR manager, director, administrator, manager, DAS chief human resources officer (CHRO) representative, or any HR representative with concerns through a written formal complaint or through phone contact, email, Workday Help Case, or MS Teams discussion.

The formal process is defined through procedures posted on our intranet site and include Ms. Goss's contact information. All complaints will be processed expediently, and the goal is to complete that process within 30 days or sooner.

Roles for Implementation of Affirmative Action Plan

The success of the affirmative action plan is dependent on the interaction, oversight, and active participation of the Executive Leadership Team, Human Resources, and the PERS DEIA Team members and staff contribution.

PERS Executives have initiated mandated work required by management teams, and there is no hesitancy to continue mandated work as it applies to changes in recruitment and retention strategies and other affirmative action initiatives.

Appendix: Definitions

All agencies	These are defined by agencies with 11 or more employees in executive branch agencies led by the Governor.
Attraction	Attracting people to apply for an open position or advancement opportunity. Examples of strategies are recruitment, engagement, the application process, position descriptions, and creating an applicant pool for consideration.
Diversity	A variety of identities, ethnicities, racial categories, gender, ages, and/or cultures within a group or organization. Measurable with quantitative metrics.
Engagement	How involved and interested employees are in helping their organization achieve its goals. Organizations can engage employees through leadership, affinity groups, workplace equity, inclusion, and communication.
Equity	Equity represents the use of policies, programs, practices, processes, and investments to eliminate institutional and structural racism and enable all people to attain their full potential.
Protected class	A shared characteristic that employers cannot use as a basis for employment decisions under the law. This report is concerned with these specific protected classes: gender, race and color, age, disability, and veterans' status in the state of Oregon's workforce.
Race	In this report, race means the sum of all racial categories except white.
Racial categories	A racial category is one of seven racial classifications: Asian, Alaska Native/American Indian, African American/Black, Hawaiian Native/Asian Pacific Islander, Hispanic (non-white), two or more races, white. Person (or people) of color represents someone who identifies as belonging to any racial category but white.
Retention	An organization's ability to prevent employees from wanting to seek employment elsewhere. Organizations can achieve retention through promotion, effective supervision, access to training, supportive management, additional growth opportunities, and mentorship.
Selection	The process of evaluating job candidates based on skills, competencies, and experiences to find the best person to fit the role. Selection strategies include setting minimum qualifications, using a fair interview process, using interview panels, using a scoring system, and panel decision-making.
Small agencies	Mostly boards and commissions with 10 or fewer full-time equivalent (FTE) employees. Affirmative action reporting requirements differ from those for larger agencies.
Workforce	The state workforce includes all full-time, limited-duration, academic, and temporary employees, plus seasonal in-season executive branch agencies under the Governor's leadership.
Workforce equity	The elimination of barriers to employment that stem from hiring-panel biases. This creates a workforce that is more representative of the general population and a workplace that is more inclusive of all kinds of people.

Appendix: Governing Policies

Oregon Revised Statutes (ORS)

ORS 182.100	The requirement for all appointive authorities for state boards, commissions, and advisory bodies shall implement this policy of affirmative action in their appointments, subject to the legal requirements for each appointment.
ORS 243.305	The policy defines affirmative action as fair and equal employment opportunities and advancement.
ORS 243.315	Directs and monitors affirmative action programs in all state agencies to implement the public policy.
ORS 659A	This statute prohibits unlawful discrimination in employment, public accommodations, and real property transactions; administrative and civil enforcement.
ORS 659A.012	Every state agency shall be required to include in the evaluation of all management personnel, the manager's or supervisor's effectiveness in achieving affirmative action objectives as a consideration of the manager's or supervisor's performance.
ORS 659A.015	Requires affirmative action reports to include information on awards of construction, service, and personal service contracts awarded to minority businesses.
Oregon Executive Order No. 16-09	Promotes diversity and inclusion opportunities for Oregon minority-owned, women-owned, service-disabled, veteran-owned, and emerging small businesses.
Oregon Executive Order No. 22-11	Affirms commitment to promote diversity, equity, and inclusion in the workplace and eliminate past and present discrimination, intended, or unintended.
Section 503 of the Rehabilitation Act of 1973	Prohibits federal contractors and subcontractors from discriminating in employment against individuals with disabilities and requires employers to take affirmative action to recruit, hire, promote, and retain these individuals.
Title VII of the 1964 Civil Rights Act	This federal law outlaw's discrimination based on race, color, religion, sex, or national origin. It prohibits unequal application of voter registration requirements and racial segregation in schools, employment, and public accommodations.

BUDGET NARRATIVE