

## BUDGET NARRATIVE

### 10% REDUCTIONS OPTIONS (ORS 291-216)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
18. Reduce Social Security Program support	Eliminates 1 position responsible for Social Security Program support for employers regarding Program updates, changes in regulations, and new rules. (1 position – 1.00 FTE)	\$178,751 Other Funds	Eliminates FTE used to support state’s responsibility to administer federal Social Security program. Position functions would be spread among Agency staff or directed to another Agency, increasing benefit administration costs counter to KPM #2 - Total Benefit Admin. Costs, and hindering the Agency’s ability to achieve KPM #6 - Customer Service.
19. Reduce IT quality assurance and metrics engineering program support	Eliminates 1 QA Project Manager position, and 1 IT metrics engineering position. (2 positions – 2.00 FTE)	\$423,971 Other Funds	Eliminates resources used to improve Agency quality and accountability on operations and projects. Prevents efforts to reduce Agency costs in support of KPM #2 - Total Benefit Costs, and impedes progress on KPM #8 - Board Best Practices.

2013-15

208BF17

Agency Request

Governor’s Recommended

Legislatively Adopted

Budget Page 92

## BUDGET NARRATIVE

### 10% REDUCTIONS OPTIONS (ORS 291-216)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
20. Eliminate Deferred Compensation Program support in Salem	Eliminates 2 program support positions, closes Salem office, and reassigns staff to Tigard office. (2 positions – 2.00 FTE)	\$467,074 Other Funds	Increases time needed to complete work and response time to the Agency’s customers, risks limiting the Deferred Compensation Program’s growth, and eliminates local presence and direct customer service in Salem. Impedes efforts to achieve KPM #5 - Increase participation to 39%, as well as hindering progress on KPM #6 - Customer Service.
21. Reduce IT systems development support	Eliminates 3 developer positions supporting Agency projects. (3 positions – 3.00 FTE)	\$557,420 Other Funds	Decreases Agency timeliness and efficiency in implementing IT modifications, such as in response to legislative changes or process improvements, increasing Total Benefit Admin. Costs (KPM #2), hindering achievement of KPM #8 - Board Best Practices.
22. Reduce fiscal services program support	Eliminates 1 accounting position supporting general ledger transactions, journal entries for jClarety activity, and reconciliation of employer and member accounts. (1 position – 1.00 FTE)	\$148,774 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, hindering progress on KPM #8 - Board Best Practices.

2013-15

208BF17

Agency Request

Governor’s Recommended

Legislatively Adopted

Budget Page 93

## BUDGET NARRATIVE

### 10% REDUCTIONS OPTIONS (ORS 291-216)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
23. Reduce tax accounting program support	Eliminates 1 accountant position supporting financial reporting, and federal and state tax compliance. (1 positions – 1.00 FTE)	\$154,488 Other Funds	Increases time needed to complete work, and risks of untimely tax compliance, reporting, and remittance, contrary to KPM #8 - Board Best Practices.
24. Discontinue specialized judge retirement program support	Eliminates 1 counselor/specialist processing judge retirements. (1 position – 1.00 FTE)	\$134,184 Other Funds	Increase time needed to complete work, and risks associated with decreased level of expertise processing judge retirements, hindering the Agency's ability to achieve KPM #6 – Customer Service.
25. Reduce Contracts and Procurement program support	Eliminates 1 procurement assistant support position. (1 position – 1.00 FTE)	\$154,488 Other Funds	Increases time needed to complete work, response time to customers and contract file audit risks, hindering progress on KPM #8 – Board Best Practices.
26. Reduce IT application / software engineering program support	Eliminates 1 position supporting IT applications, and 1 position supporting Agency-wide software configuration engineering. (2 positions – 2.00 FTE)	\$366,013 Other Funds	Increases time needed to complete work, and risks for the Agency's business lines related to systems and desktop performance, as well as increases administration costs, contrary to KPM #2.

2013-15

208BF17

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page 94

## BUDGET NARRATIVE

### 10% REDUCTIONS OPTIONS (ORS 291-216)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
27. Reduce imaging and records management program support	Eliminates 2 imaging and records management positions. (2 positions – 2.00 FTE)	\$207,800 Other Funds	Increases time needed for work completion and response time to the Agency’s customers and business lines, hindering the Agency’s ability to achieve KPM #6 - Customer Service.
28. Reduce program management and IT systems technical support	Eliminates 3 positions supporting Customer Services program management, productivity enhancements problem resolution / troubleshooting. (3 positions – 3.00 FTE)	\$529,650 Other Funds	Increases time needed for work completion and response time to the Agency’s customers and business lines, hindering the Agency’s ability to achieve KPM #6 - Customer Service.
29. Reduce benefit estimate and data validation program support	Eliminates 1 position supporting benefit estimates, and 1 position supporting data validation. (2 positions – 2.00 FTE)	\$277,798 Other Funds	Increases time needed for work completion and response time to the Agency’s customers and business lines, hindering the Agency’s ability to achieve KPM #6 - Customer Service.
30. Reduce business rules coordination program support	Eliminates 1 position providing Agency-wide coordination of business rules. (1 position – 1.00 FTE)	\$200,641 Other Funds	Increases time needed for work completion and response time to the Agency’s customers and business lines, hindering the Agency’s ability to achieve KPM #8 - Board Best Practices.

2013-15

208BF17

Agency Request

Governor’s Recommended

Legislatively Adopted

Budget Page 95

**BUDGET NARRATIVE**  
**10% REDUCTIONS OPTIONS (ORS 291-216)**

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
31. Reduce BAIP Tech Team	Eliminates 1 position. (1 position – 1.00 FTE)	\$159,094 Other Funds	Eliminates resources used to improve Agency quality and accountability on the RIMS Conversion Project (RCP). Prevents efforts to reduce Agency costs in support of KPM #2 - Total Benefit Admin. Costs, and conform to KPM #8 - Board Best Practices.
32. Reduce Actuarial service program support	Eliminates 1 position (1 position – 1.00 FTE)	\$217,073 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, hindering progress on KPM #8 - Board Best Practices.
33. Reduce BPD RSS Support	Eliminates 1 position (1 position – 1.00 FTE)	\$143,614 Other Funds	Increases time needed making adjustments to service retirements, hindering the Agency's ability to achieve KPM #6 - Customer Service.
34. Reduce CSD Call Center Support	Eliminates 1 position (1 position – 1.00 FTE)	\$143,614 Other Funds	Increases call waiting time, call abandonment, and hinders the Agency's ability to achieve KPM #6 - Customer Service.
Totals	37 Positions (37.00 FTE)	\$7,695,351 Other Funds	

11.07% of 334 CSL Positions

10.06% of \$76,458,784 CSL

2013-15

208BF17

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page 96

# BUDGET NARRATIVE

## 2011-13 Organization Chart

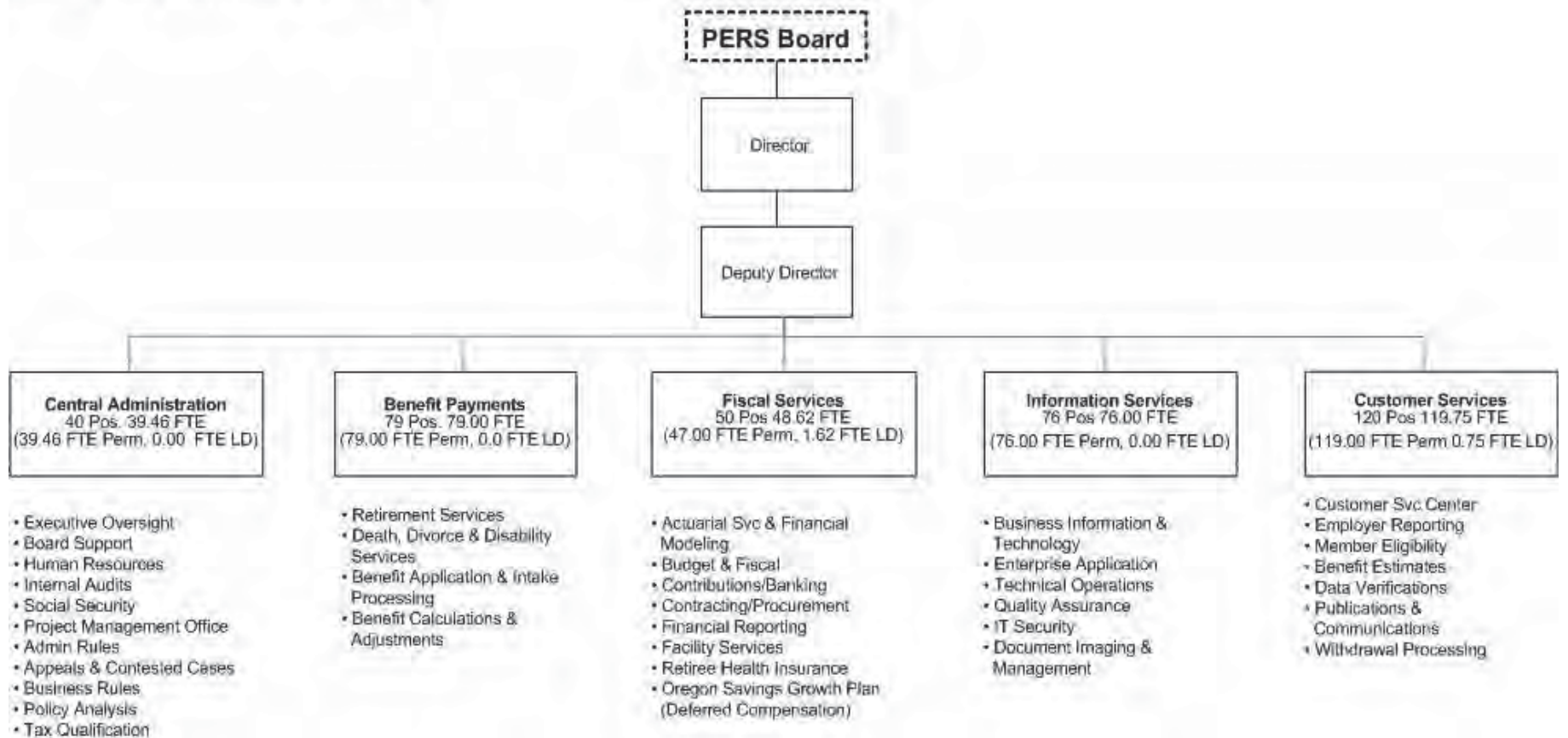
### Public Employees Retirement System 2011-13 Legislatively Approved Budget

(Includes May 2012 Emergency Board Actions)

365.00 Positions (PPDB PICS Report as of Nov. 30, 2012)

362.83 FTE (PPDB PICS Report as of Nov. 30, 2012)

Total Personal Services: \$56,744,618



\_\_\_ Agency Request

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Budget Page 97

# BUDGET NARRATIVE

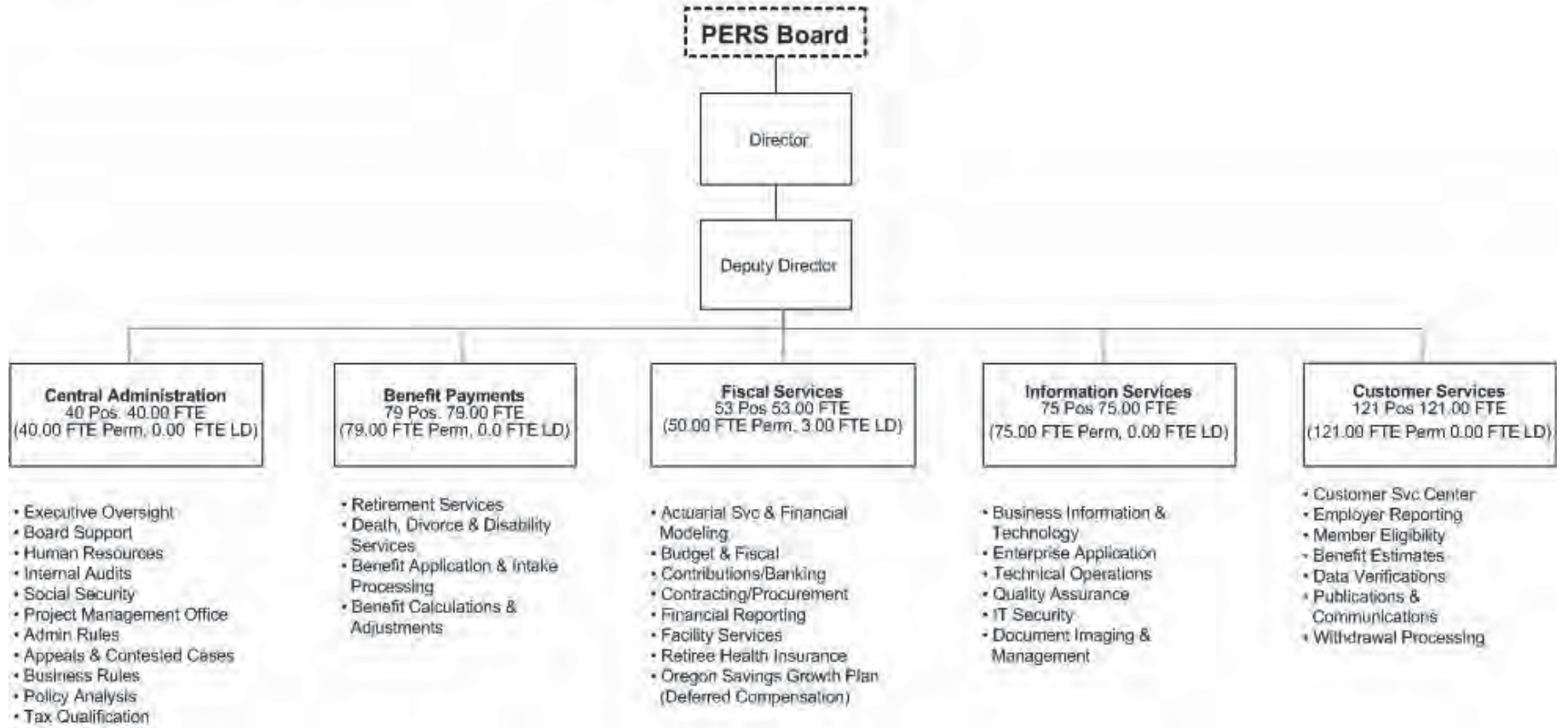
## 2013-15 Organization Chart

### Public Employees Retirement System 2013-15 Governor's Balanced Budget

368 Positions (PPDB PICS System)

368.00 FTE (PPDB PICS System)

Total Personal Services: \$60,533,935



# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Appropriated Fund Group  
2013-15 Biennium**

**Version: Y - 01 - Governor's Budget**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>LIMITED BUDGET (Excluding Packages)</b>						
Other Funds	77,884,834	78,010,820	77,260,820	78,483,780	78,248,976	-
AUTHORIZED POSITIONS	368	364	364	334	334	-
AUTHORIZED FTE	361.80	364.08	364.08	334.00	334.00	-
<b>LIMITED BUDGET (Essential Packages)</b>						
010-NON-PICS PSNL SVC / VACANCY FACTOR						
Other Funds	-	-	-	46,102	45,974	-
021-PHASE-IN						
Other Funds	-	-	-	559,232	559,232	-
022-PHASE-OUT PGM & ONE-TIME COSTS						
Other Funds	-	-	-	(2,034,036)	(2,033,919)	-
031-STANDARD INFLATION						
Other Funds	-	-	-	(838,244)	(361,479)	-
<b>TOTAL LIMITED BUDGET (Essential Packages)</b>						
Other Funds	-	-	-	(2,266,946)	(1,790,192)	-
<b>LIMITED BUDGET (Current Service Level)</b>						
Other Funds	77,884,834	78,010,820	77,260,820	76,216,834	76,458,784	-
AUTHORIZED POSITIONS	368	364	364	334	334	-
AUTHORIZED FTE	361.80	364.08	364.08	334.00	334.00	-
<b>LIMITED BUDGET (Policy Packages)</b>						
081-MAY 2012 E-BOARD- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	1,315,510	965,954	-
Authorized Positions	-	-	-	3	3	-
Authorized FTE	-	-	-	3.00	3.00	-

Agencywide Appropriated Fund Group - BPR001

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 99



# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Appropriated Fund Group  
2013-15 Biennium**

**Version: Y - 01 - Governor's Budget**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
091-STATEWIDE ADMINISTRATIVE SAVINGS- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	-	(1,468,988)	-
092-PERS TAXATION POLICY- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	-	(161,673)	-
093-OTHER PERS ADJUSTMENTS- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	-	(1,291,845)	-
101-CURRENT SERVICE DELIVERY LEVELS- RANK 1 - 300-00-00-00000						
Other Funds	-	-	-	5,474,611	5,455,428	-
Authorized Positions	-	-	-	30	30	-
Authorized FTE	-	-	-	30.00	30.00	-
102-RETIREE HEALTH INSURANCE PROGRAM- RANK 2 - 300-00-00-00000						
Other Funds	-	-	-	805,913	803,696	-
Authorized Positions	-	-	-	3	3	-
Authorized FTE	-	-	-	3.00	3.00	-
103-INFRASTRUCTURE MAINTENANCE & ENHANCEMENT- RANK 3 - 300-00-00-00000						
Other Funds	-	-	-	1,860,000	1,860,000	-
<b>TOTAL LIMITED BUDGET (Policy Packages)</b>						
Other Funds	-	-	-	9,456,034	6,162,572	-
AUTHORIZED POSITIONS	-	-	-	36	36	-
AUTHORIZED FTE	-	-	-	36.00	36.00	-
<b>TOTAL LIMITED BUDGET (Including Packages)</b>						
Other Funds	77,884,834	78,010,820	77,260,820	85,672,868	82,621,356	-
AUTHORIZED POSITIONS	368	364	364	370	370	-
AUTHORIZED FTE	361.80	364.08	364.08	370.00	370.00	-

Agencywide Appropriated Fund Group - BPR001

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 100

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Appropriated Fund Group  
2013-15 Biennium**

**Version: Y - 01 - Governor's Budget**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>NONLIMITED BUDGET (Excluding Packages)</b>						
Other Funds	6,730,356,220	7,434,012,310	7,434,012,310	9,277,875,000	9,277,875,000	-
<b>NONLIMITED BUDGET (Current Service Level)</b>						
Other Funds	6,730,356,220	7,434,012,310	7,434,012,310	9,277,875,000	9,277,875,000	-
<b>TOTAL NONLIMITED BUDGET (Including Packages)</b>						
Other Funds	6,730,356,220	7,434,012,310	7,434,012,310	9,277,875,000	9,277,875,000	-
<b>OPERATING BUDGET (Excluding Packages)</b>						
Other Funds	6,808,241,054	7,512,023,130	7,511,273,130	9,356,358,780	9,356,123,976	-
AUTHORIZED POSITIONS	368	364	364	334	334	-
AUTHORIZED FTE	361.80	364.08	364.08	334.00	334.00	-
<b>OPERATING BUDGET (Essential Packages)</b>						
010-NON-PICS PSNL SVC / VACANCY FACTOR						
Other Funds	-	-	-	46,102	45,974	-
021-PHASE-IN						
Other Funds	-	-	-	559,232	559,232	-
022-PHASE-OUT PGM & ONE-TIME COSTS						
Other Funds	-	-	-	(2,034,036)	(2,033,919)	-
031-STANDARD INFLATION						
Other Funds	-	-	-	(838,244)	(361,479)	-
<b>TOTAL OPERATING BUDGET (Essential Packages)</b>						
Other Funds	-	-	-	(2,266,946)	(1,790,192)	-
<b>OPERATING BUDGET (Current Service Level)</b>						
Other Funds	6,808,241,054	7,512,023,130	7,511,273,130	9,354,091,834	9,354,333,784	-
AUTHORIZED POSITIONS	368	364	364	334	334	-

Agencywide Appropriated Fund Group - BPR001

\_\_\_ Agency Request

  X   Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 101

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Appropriated Fund Group  
2013-15 Biennium**

**Version: Y - 01 - Governor's Budget**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
AUTHORIZED FTE	361.80	364.08	364.08	334.00	334.00	-
<b>OPERATING BUDGET (Policy Packages)</b>						
081-MAY 2012 E-BOARD- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	1,315,510	965,954	-
Authorized Positions	-	-	-	3	3	-
Authorized FTE	-	-	-	3.00	3.00	-
091-STATEWIDE ADMINISTRATIVE SAVINGS- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	-	(1,468,988)	-
092-PERS TAXATION POLICY- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	-	(161,673)	-
093-OTHER PERS ADJUSTMENTS- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	-	(1,291,845)	-
101-CURRENT SERVICE DELIVERY LEVELS- RANK 1 - 300-00-00-00000						
Other Funds	-	-	-	5,474,611	5,455,428	-
Authorized Positions	-	-	-	30	30	-
Authorized FTE	-	-	-	30.00	30.00	-
102-RETIREE HEALTH INSURANCE PROGRAM- RANK 2 - 300-00-00-00000						
Other Funds	-	-	-	805,913	803,696	-
Authorized Positions	-	-	-	3	3	-
Authorized FTE	-	-	-	3.00	3.00	-
103-INFRASTRUCTURE MAINTENANCE & ENHANCEMENT- RANK 3 - 300-00-00-00000						
Other Funds	-	-	-	1,860,000	1,860,000	-
<b>TOTAL OPERATING BUDGET (Policy Packages)</b>						
Other Funds	-	-	-	9,456,034	6,162,572	-

Agencywide Appropriated Fund Group - BPR001

\_\_\_ Agency Request

  X   Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 102

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Appropriated Fund Group  
2013-15 Biennium**

**Version: Y - 01 - Governor's Budget**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
AUTHORIZED POSITIONS	-	-	-	36	36	-
AUTHORIZED FTE	-	-	-	36.00	36.00	-
<b>TOTAL OPERATING BUDGET (Including Packages)</b>						
Other Funds	6,808,241,054	7,512,023,130	7,511,273,130	9,363,547,868	9,360,496,356	-
AUTHORIZED POSITIONS	368	364	364	370	370	-
AUTHORIZED FTE	361.80	364.08	364.08	370.00	370.00	-
<b>DEBT SERVICE (Excluding Packages)</b>						
Other Funds	1,423,075	1,418,600	1,418,600	1,302,850	1,302,850	-
<b>DEBT SERVICE (Current Service Level)</b>						
Other Funds	1,423,075	1,418,600	1,418,600	1,302,850	1,302,850	-
<b>TOTAL DEBT SERVICE (Including Packages)</b>						
Other Funds	1,423,075	1,418,600	1,418,600	1,302,850	1,302,850	-
<b>TOTAL BUDGET (Excluding Packages)</b>						
Other Funds	6,809,664,129	7,513,441,730	7,512,691,730	9,357,661,630	9,357,426,826	-
AUTHORIZED POSITIONS	368	364	364	334	334	-
AUTHORIZED FTE	361.80	364.08	364.08	334.00	334.00	-
<b>TOTAL BUDGET (Essential Packages)</b>						
010-NON-PICS PSNL SVC / VACANCY FACTOR						
Other Funds	-	-	-	46,102	45,974	-
021-PHASE-IN						
Other Funds	-	-	-	559,232	559,232	-
022-PHASE-OUT PGM & ONE-TIME COSTS						
Other Funds	-	-	-	(2,034,036)	(2,033,919)	-
031-STANDARD INFLATION						

Agencywide Appropriated Fund Group - BPR001

\_\_\_ Agency Request

  X   Governor's Recommended

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Budget Page 103

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Appropriated Fund Group  
2013-15 Biennium**

**Version: Y - 01 - Governor's Budget**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	-	-	-	(838,244)	(361,479)	-
<b>TOTAL BUDGET (Essential Packages)</b>						
Other Funds	-	-	-	(2,266,946)	(1,790,192)	-
<b>TOTAL BUDGET (Current Service Level)</b>						
Other Funds	6,809,664,129	7,513,441,730	7,512,691,730	9,355,394,684	9,355,636,634	-
AUTHORIZED POSITIONS	368	364	364	334	334	-
AUTHORIZED FTE	361.80	364.08	364.08	334.00	334.00	-
<b>TOTAL BUDGET (Policy Packages)</b>						
081-MAY 2012 E-BOARD- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	1,315,510	965,954	-
Authorized Positions	-	-	-	3	3	-
Authorized FTE	-	-	-	3.00	3.00	-
091-STATEWIDE ADMINISTRATIVE SAVINGS- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	-	(1,468,988)	-
092-PERS TAXATION POLICY- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	-	(161,673)	-
093-OTHER PERS ADJUSTMENTS- RANK 0 - 300-00-00-00000						
Other Funds	-	-	-	-	(1,291,845)	-
101-CURRENT SERVICE DELIVERY LEVELS- RANK 1 - 300-00-00-00000						
Other Funds	-	-	-	5,474,611	5,455,428	-
Authorized Positions	-	-	-	30	30	-
Authorized FTE	-	-	-	30.00	30.00	-
102-RETIREE HEALTH INSURANCE PROGRAM- RANK 2 - 300-00-00-00000						
Other Funds	-	-	-	805,913	803,696	-

**Agencywide Appropriated Fund Group - BPR001**

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 104

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Appropriated Fund Group  
2013-15 Biennium**

**Version: Y - 01 - Governor's Budget**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Authorized Positions	-	-	-	3	3	-
Authorized FTE	-	-	-	3.00	3.00	-
103-INFRASTRUCTURE MAINTENANCE & ENHANCEMENT- RANK 3 - 300-00-00-00000						
Other Funds	-	-	-	1,860,000	1,860,000	-
<b>TOTAL BUDGET (Policy Packages)</b>						
Other Funds	-	-	-	9,456,034	6,162,572	-
AUTHORIZED POSITIONS	-	-	-	36	36	-
AUTHORIZED FTE	-	-	-	36.00	36.00	-
<b>TOTAL BUDGET (Including Packages)</b>						
Other Funds	6,809,664,129	7,513,441,730	7,512,691,730	9,364,850,718	9,361,799,206	-
AUTHORIZED POSITIONS	368	364	364	370	370	-
AUTHORIZED FTE	361.80	364.08	364.08	370.00	370.00	-

Agencywide Appropriated Fund Group - BPR001

\_\_\_ Agency Request

X  Governor's Recommended

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Budget Page 105

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

Agencywide Program Unit Summary  
2013-15 Biennium

Version: Y - 01 - Governor's Budget

Summary Cross Reference Number	Cross Reference Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
100-00-00-00000	<b>Tier One and Tier Two Plan</b>						
	Other Funds	6,518,482,087	7,225,836,810	7,225,836,810	8,540,861,000	8,540,861,000	-
200-00-00-00000	<b>Oregon Public Service Retirement Plan</b>						
	Other Funds	211,874,133	208,175,500	208,175,500	737,014,000	737,014,000	-
300-00-00-00000	<b>Operations</b>						
	Other Funds	77,884,834	78,010,820	77,260,820	85,672,868	82,621,356	-
400-00-00-00000	<b>Debt Service</b>						
	Other Funds	1,423,075	1,418,600	1,418,600	1,302,850	1,302,850	-
<b>TOTAL AGENCY</b>							
	Other Funds	6,809,664,129	7,513,441,730	7,512,691,730	9,364,850,718	9,361,799,206	-

Agencywide Program Unit Summary - BPR010

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 106

# BUDGET NARRATIVE

## Revenues

### *Revenue Forecast Discussion*

#### **Revenue Discussion**

PERS provides administrative support to a number of programs and related retirement activities. Every program account and activity has dedicated revenue sources authorized by statute. Revenue streams for several of the programs and activities are combined for revenue projection purposes because the revenue sources are similar. Revenues for the Public Employees Retirement Fund (PERF) (ORS 238), Oregon Public Service Retirement Plan (OPSRP) (ORS 238A), Benefit Equalization Fund (BEF) (ORS 238.485), Retirement Health Insurance Account (RHIA) (ORS 238.420), and Retirement Health Insurance Premium Account (RHIPA) (ORS 238.415) are combined. The Deferred Compensation Program (State) (ORS 243) and the Standard Retiree Health Insurance Account (SRHIA) (ORS 238.410(7)) have different funding sources and are discussed separately.

PERS expects adequate revenues for all programs and activities during the 2013-15 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.

#### **Defined Benefit and Post Employment Health Care Revenue**

Oregon PERS has two defined benefit pension programs (Chapter 238, also known as Tier One/Tier Two, and Oregon Public Service Retirement Program (OPSRP)), and two post-employment health care programs (Retiree Health Insurance Account (RHIA) and Retiree Health Insurance Premium Account (RHIPA)). All members serving in active public employment since January 1, 2004, also participate in the Individual Account Program (IAP). Revenues for these programs, which currently make up 97 percent of PERS' revenues, are to be used solely for the benefit of the PERS members as described in ORS 238.660 (2) and ORS 238A.025.

#### ***Investment Earnings***

Historically, investment earnings have provided the largest single source of system revenues. If investment earnings less administrative expenses are below the assumed earnings rate at the end of the calendar year, the contribution accounts of those who established membership in the system before January 1, 1996, and alternate payees of those members, will be credited the assumed rate and the difference made up from the Tier One Rate Guarantee Reserve. Any earnings in excess of the assumed earnings rate shall first be deposited in that reserve until the reserve is fully funded with amounts determined by the PERS Board based on advice from the PERS' actuary. Both earnings and losses are distributed to members' accounts that have variable annuity accounts (ORS 238.260) and/or Tier Two members' regular accounts for those who became members, and their alternate payees, on or after January 1, 1996. The Board may draw out of interest and investment income an amount to remain in the Fund and constitute one or more reserve accounts (ORS 238.670). Each member's Individual Account, as described in

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 107



## BUDGET NARRATIVE

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 2011 were based on the December 31, 2009 actuarial valuation; employer contribution rates effective July 2013 are based on the December 31, 2011 actuarial valuation. Employer rates, as a percent of PERS-covered salary, effective July 1, 2011 and 2013 are:

<b>PERS Chapter 238 Program</b>	<b>July 2011*</b>	<b>July 2013*</b>
State Agencies	11.2%	15.2%
State and Local Government Rate Pool	15.8%	20.2%
School Pool	19.5%	26.5%
Political Subdivisions (non-pooled)	14.6%	18.4%
Judiciary	18.3%	22.3%
 <b>OPSRP Chapter 238A Program</b>		
General Service Pool (all employers)	6.21%	6.42%
Police and Fire Pool (all employers)	8.92%	9.15%

\*Except for State Agencies, the rates listed are gross employer rates. Certain schools, community colleges, and political subdivisions have made Unfunded Actuarial Liability (UAL) payments. Their contribution rates have been reduced and are lower than the rates shown above. Both 2011 and 2013 rates for State Agencies reflect the offset from the UAL payment made in 2003.

### **Benefit Equalization Fund (BEF) and Social Security Program**

The revenues for the administration of the Benefit Equalization Fund (BEF) and the Social Security Program are derived from fees assessed to those employers receiving services from these programs. Administrative fees are reviewed and adjusted annually based on expected numbers of participating employers and projected administrative expenses. Currently, the employers of the Benefit Equalization Fund are charged \$155 per month per participant (retirees receiving benefits in excess of IRS limits) and a one-time initial setup fee of \$700 per participant. Employers of the Social Security Program are charged an annual administration fee of \$0.50 per employee or \$15 minimum, whichever is higher.

\_\_\_ Agency Request       X  Governor's Recommended      \_\_\_ Legislatively Adopted

## BUDGET NARRATIVE

### 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 medical and hospital insurance on behalf of retired members. Members and their dependents are eligible for PERS healthcare coverage if the member is receiving a retirement allowance or benefit under the System. 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 offers a variety of medical health insurance carriers and two dental plan carriers for both Medicare healthcare plans and non-Medicare healthcare 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 has contracted with Oregon Dental Service (ODS) for claims payment services for a maximum claims risk sharing plan and also remits premiums monthly for stop-loss coverage.

### 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 .08 percent (.0008) of participant assets held in the trust. At this time, PERS does not anticipate a fee increase in the 2013-15 biennium. All administrative revenue is Other Funds and no matching funds are required.

ORS 243.411 requires that all earnings of the Deferred Compensation Fund must be credited to the fund and moneys in the fund may be used solely for the purposes of implementing and administering the Deferred Compensation Program.

### Basis for 2013-15 Revenue Estimates

Projected investment income is based on taking into consideration several factors – the recent market downturn in the economy, prolonged period of slow economic growth, and the actuarial assumed future earnings rate of 8 percent annually once economic growth has returned. Using trend analysis of employer and employee contributions, and separately analyzing employer prepayments funding the Unfunded Actuarial Liability (UAL), PERS projected future total contributions based on a system-wide rate average. PERS separated the 6 percent employee contribution into the OPSRP Individual Account Program (IAP) from these total projected contributions beginning January 2004. An 8 percent turnover rate, one of PERS' actuarial assumptions, was used to project the number of participants establishing membership in the system on or after August 29, 2003. Projections for future growth in the three health insurance accounts (SRHIA, RHIA, and RHIPA) were also based on using trend analysis.

## BUDGET NARRATIVE

<b>Public Employees Retirement System Revenues by Source (in millions)</b>				
Fiscal Year	Member Contributions & Insurance Premiums	Employer Contributions *	Net Investment Income or (Loss) and Other Income	Total
2001	415.7	682.5	(3,468.4)	(2,370.2)
2002	443.8	1,030.7	(2,425.6)	(951.1)
2003	467.4	2,621.8	1,469.5	4,558.7
2004	459.9	3,209.9	7,205.7	10,875.5
2005	458.3	855.5	5,756.7	7,070.5
2006	512.8	824.3	7,083.3	8,420.4
2007	542.2	640.9	10,939.7	12,122.8
2008	581.4	792.7	(2,869.3)	(1,495.2)
2009	619.8	680.5	(13,509.9)	(12,209.6)
2010	646.5	457.1	7,705.7	8,809.3
2011	699.3	447.7	11,715.6	12,862.6
2012	719.4	880.0	455.3	2,054.7

\* Employer contributions for fiscal years 2000 and thereafter include employer prepayments of unfunded liabilities.

Source of Information: Oregon Public Employees Retirement System, an Agency of the State of Oregon, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010 and June 30, 2011.

## BUDGET NARRATIVE

### Other Charges for Services

ORS 237.420 allows PERS to set a rate to cover the costs of administering the Social Security Program. That rate is currently 50 cents per employee per year or \$15, whichever is higher. A total of \$312,000 Other Funds Limited is projected for the 2013-15 biennium.

Employers are invoiced a fee consisting of a \$750 initial set-up charge and a \$155 monthly ongoing administrative fee per participant to fund the administrative costs of the Benefit Equalization Fund (BEF). A total of \$294,000 Other Funds Limited is projected for the 2013-15 biennium.

ORS 238.465(9) charges both the member and the alternate payee an administrative expense in an amount not more than \$300 in total for related costs of obtaining data or making calculations that are necessary by a court-ordered divorce judgment, order, or agreement. PERS estimates a total of \$50,000 Other Funds Limited and \$135,600 Other Funds Non-Limited in the 2013-15 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 \$4,000 Other Funds Limited in benefit estimate service charges in the 2013-15 biennium.

PERS collects fees for various other services provided. PERS estimates a total of \$3,500 Other Funds Limited in the 2013-15 biennium based on historical trend analysis.

Projected revenue for the Deferred Compensation Program in the 2011-13 biennium is based on historical data. The participant fee will remain the same and the amount collected is not anticipated to vary significantly from historical patterns. The Local Government Deferred Compensation (ORS 243.474-243.478) and State Deferred Compensation Programs are projected as a single amount, although the revenue sources associated with the Local Government Deferred Compensation Program is insignificant as compared to the State Deferred Compensation program. The total projected revenue is \$1,870,000 in the 2013-15 biennium.

During fiscal year 2011, PERS became aware that the Standard Retiree Health Insurance Account had not been reported in accordance with generally accepted account principals in prior fiscal years. Prior to fiscal year 2011, the activity of this account was reported using an Employee Benefit Plan fiduciary fund. PERS determined that activity should be reported in an enterprise fund, thus the financial statements were restated to correct this change in the *Comprehensive Annual Financial Report Oregon Public Employees Retirement System, An Agency of the State of Oregon, for the fiscal year ended June 30, 2011*. The revenue activity that was previously reported as member contributions is now reported as insurance premium revenue which is classified as Other Charges for Services at the budget account level. PERS estimates a total of \$427,000,000 Other Funds Non-Limited in insurance premium revenue during the 2013-15 biennium.

## BUDGET NARRATIVE

### Other Revenue

ORS 238.705 allows PERS to charge employers that are delinquent in remitting contributions one percent per month on the total amount of contributions due. Employers that are delinquent in providing annual reports, or supplying annual employee information, are charged a penalty of the lesser of \$2,000 or 1 percent of the total annual contributions for each month they are late. PERS estimates a total of \$150,000 Other Funds Limited for all employer penalty fees in the 2013-15 biennium. The estimates for the current biennium will be lower because PERS temporarily shut off the penalty charges when PERS discovered an error in jClarety program.

Retirees can participate in a Long Term Health Insurance program and a small portion of the premiums is collected to cover administration costs of open enrollment and other miscellaneous costs. The projected revenue is \$45,000 Other Funds Limited in the 2013-15 biennium.

Other revenue also consists of prior period reductions of expense, surplus sales, MICR errors, total of checks that have been outstanding for over 2 years and are no longer negotiable, prior period adjustments and other revenue. PERS projects revenue from these sources of \$961,500 Other Funds Non-Limited and \$11,000 Other Funds Limited in the 2013-15 biennium.

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2013-15 Biennium

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

Source	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>Other Funds</b>						
Charges for Services	1,881,999	2,422,928	2,422,928	2,533,500	2,533,500	-
Interest Income	314,765	1,566,500	1,566,500	26,250	26,250	-
Other Revenues	285,974	223,500	223,500	206,000	206,000	-
Transfer In - Intrafund	77,300,757	73,165,179	73,165,179	83,948,051	83,948,051	-
Transfer Out - Intrafund	(974,372)	(1,752,391)	(1,752,391)	(764,944)	(764,944)	-
Tsfr To Governor, Office of the	(79,504)	(79,500)	(79,500)	(70,000)	(70,000)	-
<b>Total Other Funds</b>	<b>\$78,729,619</b>	<b>\$75,546,216</b>	<b>\$75,546,216</b>	<b>\$85,878,857</b>	<b>\$85,878,857</b>	-
<b>Nonlimited Other Funds</b>						
Charges for Services	166,536	140,000	140,000	427,135,600	427,135,600	-
Interest Income	7,767,976,297	7,127,404,900	7,127,404,900	13,132,922,000	13,132,922,000	-
Retirement System Contribution	2,257,180,716	3,074,179,800	3,074,179,800	2,410,280,000	2,410,280,000	-
Other Revenues	877,953	800,000	800,000	961,500	961,500	-
Transfer In - Intrafund	384	-	-	-	-	-
Transfer Out - Intrafund	(76,326,769)	(71,412,788)	(71,412,788)	(83,183,107)	(83,183,107)	-
<b>Total Nonlimited Other Funds</b>	<b>\$9,949,875,117</b>	<b>\$10,131,111,912</b>	<b>\$10,131,111,912</b>	<b>\$15,888,115,993</b>	<b>\$15,888,115,993</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 113

## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2009-2011 Actual	2011-13 Legislatively Adopted	2011-13 Estimated	2013-15		
						Agency Request	Governor's Recommended	Legislatively Adopted
<b>Limited Other Funds:</b>								
Charges for Services	Limited Other	Charges for Services	1,881,999	2,422,928	2,346,500	2,533,500	2,533,500	
Interest and Investment Earnings	Limited Other	Interest Income	314,765	1,566,500	18,800	26,250	26,250	
Other	Limited Other	Other Revenues	285,974	223,500	194,200	206,000	206,000	
<b>Non-limited Other Funds:</b>								
Charges for Services	Nonlimited Other	Charges for Services	166,536	140,000	358,131,000	427,135,600	427,135,600	
Interest and Investment Earnings	Nonlimited Other	Interest Income	7,767,976,297	7,127,404,900	7,046,835,500	13,132,922,000	13,132,922,000	
Donations and Contributions	Nonlimited Other	Retirement System Contribution	2,257,180,716	3,074,179,800	2,450,883,500	2,410,280,000	2,410,280,000	
Other	Nonlimited Other	Other Revenues	877,953	800,000	248,600	961,500	961,500	

2013-15

107BF07

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page 114

# BUDGET NARRATIVE

## Agencywide Revenues and Disbursements Summary

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

Agencywide Revenues and Disbursements Summary  
2013-15 Biennium

Version: Y-01-Governor's Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>BEGINNING BALANCE</b>						
<b>0025 Beginning Balance</b>						
Other Funds	46,116,854,988	48,904,338,621	48,904,338,621	51,598,305,019	51,598,305,019	-
<b>0030 Beginning Balance Adjustment</b>						
Other Funds	12,587,362,730	-	-	12,587,362,730	12,587,362,730	-
<b>TOTAL BEGINNING BALANCE</b>						
Other Funds	58,704,217,718	48,904,338,621	48,904,338,621	64,185,667,749	64,185,667,749	-
<b>REVENUE CATEGORIES</b>						
<b>CHARGES FOR SERVICES</b>						
<b>0410 Charges for Services</b>						
Other Funds	2,048,535	2,562,928	2,562,928	429,669,100	429,669,100	-
<b>INTEREST EARNINGS</b>						
<b>0605 Interest Income</b>						
Other Funds	7,768,291,062	7,128,971,400	7,128,971,400	13,132,948,250	13,132,948,250	-
<b>DONATIONS AND CONTRIBUTIONS</b>						
<b>0915 Retirement System Contribution</b>						
Other Funds	2,257,180,716	3,074,179,800	3,074,179,800	2,410,280,000	2,410,280,000	-
<b>OTHER</b>						
<b>0975 Other Revenues</b>						
Other Funds	1,163,927	1,023,500	1,023,500	1,167,500	1,167,500	-
<b>TRANSFERS IN</b>						

Agencywide Revenues and Disbursements Summary - BPR011

\_\_\_ Agency Request

  X   Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 115



# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Revenues and Disbursements Summary  
2013-15 Biennium**

**Version: Y-01-Governor's Budget**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>1010 Transfer In - Intrafund</b>						
Other Funds	77,301,141	73,165,179	73,165,179	83,948,051	83,948,051	-
<b>TOTAL REVENUES</b>						
Other Funds	10,105,985,381	10,279,902,807	10,279,902,807	16,058,012,901	16,058,012,901	-
<b>TRANSFERS OUT</b>						
<b>2010 Transfer Out - Intrafund</b>						
Other Funds	(77,301,141)	(73,165,179)	(73,165,179)	(83,948,051)	(83,948,051)	-
<b>2121 Tsfr To Governor, Office of the</b>						
Other Funds	(79,504)	(79,500)	(79,500)	(70,000)	(70,000)	-
<b>TOTAL TRANSFERS OUT</b>						
Other Funds	(77,380,645)	(73,244,679)	(73,244,679)	(84,018,051)	(84,018,051)	-
<b>AVAILABLE REVENUES</b>						
Other Funds	68,732,822,454	59,110,996,749	59,110,996,749	80,159,662,599	80,159,662,599	-
<b>EXPENDITURES</b>						
Other Funds	6,809,664,129	7,513,441,730	7,512,691,730	9,364,850,718	9,361,799,206	-
<b>ENDING BALANCE</b>						
Other Funds	61,923,158,325	51,597,555,019	51,598,305,019	70,794,811,881	70,797,863,393	-

Agencywide Revenues and Disbursements Summary - BPR011

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 116

# BUDGET NARRATIVE

## Program Units

### *Tier One and Tier Two Programs*

#### Overview

More than 900 public employers, employing approximately 95 percent of all public employees in Oregon, participate in PERS death, disability, retirement, and retiree health care benefit programs. These include all state agencies; universities and community colleges; all public school districts; and almost all cities, counties, and other local government units. There are approximately 140,000 non-retired members and approximately 120,000 retirees and beneficiaries receiving monthly retirement benefits from both programs.

These programs were closed to new members August 29, 2003, corresponding to the passage of House Bill 2020 (Chapter 733, Oregon Laws 2003), which created a new retirement program, Oregon Public Service Retirement Plan (OPSRP), for members hired after that date.

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 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. In addition, during fiscal year 2011, PERS was required to make a change in how the Standard Retiree Health Insurance Account was reporting payments to ODS, SRHIA's third-party administrator. A prior period adjustment was made in the PERS' Comprehensive Annual Financial Report (CAFR) at June 30, 2011. A significant increase in third party administration is a result of this change.

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2013-15 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-100-00-00-00000

Source	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>Nonlimited Other Funds</b>						
Charges for Services	136,328	120,000	120,000	427,093,000	427,093,000	-
Interest Income	7,212,239,031	6,537,404,900	6,537,404,900	10,745,322,000	10,745,322,000	-
Retirement System Contribution	948,756,385	1,544,179,800	1,544,179,800	827,280,000	827,280,000	-
Other Revenues	877,953	800,000	800,000	961,500	961,500	-
Transfer In - Intrafund	384	-	-	-	-	-
Transfer Out - Intrafund	(51,809,742)	(38,495,388)	(38,495,388)	(54,679,069)	(54,679,069)	-
<b>Total Nonlimited Other Funds</b>	<b>\$8,110,200,339</b>	<b>\$8,044,009,312</b>	<b>\$8,044,009,312</b>	<b>\$11,945,977,431</b>	<b>\$11,945,977,431</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 118

## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2009-2011 Actual	2011-13 Legislatively Adopted	2011-13 Estimated	2013-15		
						Agency Request	Governor's Recommended	Legislatively Adopted
<b>Non-limited Other Funds:</b>								
Charges for Services	Nonlimited Other	Charges for Services	136,328	120,000	358,098,800	427,093,000	427,093,000	
Interest and Investment Earnings	Nonlimited Other	Interest Income	7,212,239,031	6,537,404,900	6,503,743,500	10,745,322,000	10,745,322,000	
Donations and Contributions	Nonlimited Other	Retirement System Contribution	948,756,385	1,544,179,800	1,017,283,500	827,280,000	827,280,000	
Other	Nonlimited Other	Other Revenues	877,953	800,000	245,300	961,500	961,500	

2013-15

107BF07

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 119

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

Program Unit Appropriated Fund Group and Category Summary

Version: Y - 01 - Governor's Budget

2013-15 Biennium

Cross Reference Number: 45900-100-00-00-00000

Tier One and Tier Two Plan

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>NONLIMITED BUDGET (Excluding Packages)</b>						
<b>SERVICES &amp; SUPPLIES</b>						
Other Funds	5,745,861	6,773,299	6,773,299	47,961,000	47,961,000	-
<b>SPECIAL PAYMENTS</b>						
Other Funds	6,512,736,226	7,219,063,511	7,219,063,511	8,492,900,000	8,492,900,000	-
<b>TOTAL NONLIMITED BUDGET (Excluding Packages)</b>						
Other Funds	6,518,482,087	7,225,836,810	7,225,836,810	8,540,861,000	8,540,861,000	-
<b>NONLIMITED BUDGET (Current Service Level)</b>						
Other Funds	6,518,482,087	7,225,836,810	7,225,836,810	8,540,861,000	8,540,861,000	-
<b>TOTAL NONLIMITED BUDGET (Including Packages)</b>						
Other Funds	6,518,482,087	7,225,836,810	7,225,836,810	8,540,861,000	8,540,861,000	-
<b>OPERATING BUDGET</b>						
Other Funds	6,518,482,087	7,225,836,810	7,225,836,810	8,540,861,000	8,540,861,000	-
<b>TOTAL BUDGET</b>						
Other Funds	6,518,482,087	7,225,836,810	7,225,836,810	8,540,861,000	8,540,861,000	-

Program Unit Appropriated Fund and Category Summary- BPR007A

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 120

## BUDGET NARRATIVE

### ***Oregon Public Service Retirement Plan***

#### **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). The IAP has no guaranteed payment or return. Members make contributions; employers may or may not also make contributions. When a member retires, he/she receives the contributions plus any accrued earnings (or losses). The IAP requires PERS members to contribute an amount equal to six percent of eligible 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 equal installments over a specified period of their choice.

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 December 31, 2011, there were approximately 84,000 members in the OPSRP Pension Program.

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 are now deposited in the member's IAP, not into the member's Tier One or Tier Two account. In total, there were approximately 226,000 member IAP accounts as of December 31, 2011.

A provision contained in Senate Bill 897, February 2010 Legislative Session, allows retired members of OPSRP and their eligible dependents to participate, at their own expense, in the PERS Health Insurance Program.

This program also includes member contributions into the IAP, employer contributions into the OPSRP Pension Plan, and IAP account withdrawals and distributions to Tier One, Tier Two, and OPSRP members. The program unit 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.

#### **Base Budget Adjustments**

Changes have been made to both revenues and expenditures to reflect updated projections. Contracted services for third party administration of the IAP Program have been updated based on the projected number of participants and inflation.

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2013-15 Biennium

Agency Number: 45900

Cross Reference Number: 45900-200-00-00-00000

Source	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>Nonlimited Other Funds</b>						
Charges for Services	30,208	20,000	20,000	42,600	42,600	-
Interest Income	555,737,266	590,000,000	590,000,000	2,387,600,000	2,387,600,000	-
Retirement System Contribution	1,308,424,331	1,530,000,000	1,530,000,000	1,583,000,000	1,583,000,000	-
Transfer Out - Intrafund	(24,517,027)	(32,917,400)	(32,917,400)	(28,504,038)	(28,504,038)	-
<b>Total Nonlimited Other Funds</b>	<b>\$1,839,674,778</b>	<b>\$2,087,102,600</b>	<b>\$2,087,102,600</b>	<b>\$3,942,138,562</b>	<b>\$3,942,138,562</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 122

## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2009-2011 Actual	2011-13 Legislatively Adopted	2011-13 Estimated	2013-15		
						Agency Request	Governor's Recommended	Legislatively Adopted
<b>Non-limited Other Funds:</b>								
Charges for Services	Nonlimited Other	Charges for Services	30,208	20,000	32,200	42,600	42,600	
Interest and Investment Earnings	Nonlimited Other	Interest Income	555,737,266	590,000,000	543,092,000	2,387,600,000	2,387,600,000	
Donations and Contributions	Nonlimited Other	Retirement System Contribution	1,308,424,331	1,530,000,000	1,433,600,000	1,583,000,000	1,583,000,000	
Other	Nonlimited Other	Other Revenue			3,300			

2013-15

107BF07

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 123



# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Program Unit Appropriated Fund Group and Category Summary**

**Version: Y - 01 - Governor's Budget**

**2013-15 Biennium**

**Cross Reference Number: 45900-200-00-00-00000**

**Oregon Public Service Retirement Plan**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>NONLIMITED BUDGET (Excluding Packages)</b>						
<b>SERVICES &amp; SUPPLIES</b>						
Other Funds	4,321,580	4,675,500	4,675,500	4,700,000	4,700,000	-
<b>SPECIAL PAYMENTS</b>						
Other Funds	207,552,553	203,500,000	203,500,000	732,314,000	732,314,000	-
<b>TOTAL NONLIMITED BUDGET (Excluding Packages)</b>						
Other Funds	211,874,133	208,175,500	208,175,500	737,014,000	737,014,000	-
<b>NONLIMITED BUDGET (Current Service Level)</b>						
Other Funds	211,874,133	208,175,500	208,175,500	737,014,000	737,014,000	-
<b>TOTAL NONLIMITED BUDGET (Including Packages)</b>						
Other Funds	211,874,133	208,175,500	208,175,500	737,014,000	737,014,000	-
<b>OPERATING BUDGET</b>						
Other Funds	211,874,133	208,175,500	208,175,500	737,014,000	737,014,000	-
<b>TOTAL BUDGET</b>						
Other Funds	211,874,133	208,175,500	208,175,500	737,014,000	737,014,000	-

Program Unit Appropriated Fund and Category Summary- BPR007A

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 124

# BUDGET NARRATIVE

## **Operations**

### **Overview**

As previously stated, PERS administers a number of retirement related programs for more than 900 public employers in Oregon, including all state agencies, all public school districts, and the majority of local government entities. The five-member Public Employee Retirement Board (PERB) provides governance administrative oversight for all PERS programs.

PERS' operations employs a common pyramid-style organizational structure. The agency is functionally separated into five divisions to reduce overlap and clearly designate responsibilities. Within the divisions, sections exist that focus upon specific activities in agency and program support. The major areas of activity are employer reporting, customer service, retirement benefits, withdrawals, death benefits, disability benefits, sponsorship of group health insurance plans, Deferred Compensation (Oregon Savings Growth Plan), and Social Security coverage.

PERS orders its divisions as follows: Central Administration, Benefit Payments Division (BPD), Fiscal Services Division (FSD), Information Services Division (ISD), and Customer Services Division (CSD).

### **Central Administration**

Central Administration, in conjunction with the PERS Board, provides the central direction, planning, and leadership for PERS. The division consists of the executive director, deputy director, Human Resources, Internal Audits and Social Security Program, the Project Management Office, legislative, rulemaking, legal counsel coordination, legal services, agency determination review and contested case activities, and compliance with state and federal statutes, rules, and court decisions.

### **Benefit Payments Division**

The Benefit Payments Division (BPD) houses the Benefit Application and Intake and Processing section, as well as the Retirement Services and Specialty Services sections. BPD is responsible for processing all incoming benefit applications and related documents and for calculating and establishing service retirement, disability, and death benefits. Responsibilities also include determining eligibility for disability retirements, administering divorce decrees, and validating beneficiaries.

### **Fiscal Services Division**

The Fiscal Services Division (FSD) provides comprehensive financial and administrative services to the agency. This includes financial accounting, reporting, and tax services for all PERS' Trust and agency fund activities, including the Retirement Fund, Deferred Compensation funds, Benefit Equalization Fund, health insurance programs, and Social Security Program. FSD is responsible for agency fiscal operations duties, including the receipt, posting, and deposit of over \$1.60 billion annually in member and employer contributions and the disbursement of approximately \$3.6 billion annually in member and beneficiary benefits.

## BUDGET NARRATIVE

Other fiscal activities include preparation, maintenance, and reporting of the agency's biennial budget, coordination of actuarial services, fiscal analysis, accounts receivable, accounts payable, contracts, and procurement. FSD also contains the Facilities Services Section that manages office supplies, general building maintenance, shipping and receiving, and other various ancillary tasks. Retiree Health Insurance and Deferred Compensation (OSGP) programs are also located within FSD.

### Information Services Division

The Information Services Division (ISD) provides technical support to all divisions of the agency. ISD ensures agency staff have the appropriate tools and automation necessary to perform their duties and provide customer service to members, employers, and other stakeholders. The division supervises the development and operation of PERS' complex IT systems and supports the many desktop computers used by staff. Help Desk support, installation and training, software development, application support, database management, network support, and quality assurance all fall under ISD's responsibilities. In addition, the Imaging and Information Management unit within the Business Information and Technology section maintains records from numerous sources.

### Customer Services Division

The Customer Services Division (CSD) provides the window for member, employer, and public interaction with PERS. One of the larger PERS' divisions, CSD answers member queries; conducts group and individual counseling; coordinates communications through print, the Internet and other media; and produces benefit estimates and member account statements. CSD also houses the Membership and Employer Relations section (MERS). MERS enrolls and manages member data and accounts and also handles employer reporting, training, outreach and communication, and the annual reconciliation process.

### Base Budget Adjustments

The 2009-11 Other Funds Limitation base budget is adjusted upward by \$988,156 Other Funds due to the phase-out of 30 limited-duration positions and an increase in Other Payroll Expenses (OPE). The largest increase in OPE was due to the PERS contribution net rate increase of 4.66 percent. The base budget was not adjusted for estimated costs of merit increases or cost of living adjustments. The services and supplies expenditures associated with the phase-out of these limited-duration positions and various other one-time costs and projects are contained in the Package 022 Phase-out Program and One-time Costs.

## BUDGET NARRATIVE

### Package 010 Non-PICS Personal Services/Vacancy Factor

Package Description as Modified in the Governor's Balanced Budget

#### Package Description

This package contains a total increase of \$45,974 Other Funds. The increase is due primarily to the net increase of \$247,799 for the PERS portion of the pension obligation bond. This package includes standard inflation of 2.4 percent on non-PICS personal service expenses such as temporary employees, overtime, shift and other differentials, and unemployment compensation; this accounts for \$29,957 including other payroll expenses. There is a reduction of (\$15,575) for mass transit taxes. Vacancy savings is decreased by (\$216,207) when compared to the 2011-13 biennium.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	3,991	-	-	-	3,991
Overtime Payments	-	-	14,020	-	-	-	14,020
Shift Differential	-	-	50	-	-	-	50
All Other Differential	-	-	5,325	-	-	-	5,325
Public Employees' Retire Cont	-	-	3,699	-	-	-	3,699
Pension Obligation Bond	-	-	247,927	-	-	-	247,927
Social Security Taxes	-	-	1,791	-	-	-	1,791
Unemployment Assessments	-	-	950	-	-	-	950
Mass Transit Tax	-	-	(15,575)	-	-	-	(15,575)
Vacancy Savings	-	-	(216,207)	-	-	-	(216,207)
Reconciliation Adjustment	-	-	3	-	-	-	3
<b>Total Personal Services</b>	-	-	<b>\$45,974</b>	-	-	-	<b>\$45,974</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	45,974	-	-	-	45,974
<b>Total Expenditures</b>	-	-	<b>\$45,974</b>	-	-	-	<b>\$45,974</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(45,974)	-	-	-	(45,974)
<b>Total Ending Balance</b>	-	-	<b>(\$45,974)</b>	-	-	-	<b>(\$45,974)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 128

## BUDGET NARRATIVE

### Package 021 Phase-in Programs

#### Package Description

PERS' Comprehensive Annual Financial Report (CAFR) of the Oregon Public Employees Retirement System for the fiscal year ended June 30, 2011 was audited for the first time by an independent firm. Prior to this time, PERS' CAFR has been audited by the Audit Division in the Secretary of State office. The contract to audit PERS is between the State of Oregon, acting by and through the Office of the Secretary of State, Audits Division and the contractor. However, the Secretary of State has directed PERS to directly pay the contractor for the services provided under the contract. The 2013-15 DAS Price List for auditing services by the Division of Audits was greatly reduced and only covers the Audits Division oversight in the amount of \$7,500 which is included in State Service Charges.

An amount of \$559,232 Professional Service charge is being phased in to cover the above contract payments to the vendor for fiscal years ended 2013 and 2014.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 021 - Phase-in

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Professional Services	-	-	559,232	-	-	-	559,232
<b>Total Services &amp; Supplies</b>	-	-	<b>\$559,232</b>	-	-	-	<b>\$559,232</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	559,232	-	-	-	559,232
<b>Total Expenditures</b>	-	-	<b>\$559,232</b>	-	-	-	<b>\$559,232</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(559,232)	-	-	-	(559,232)
<b>Total Ending Balance</b>	-	-	<b>(\$559,232)</b>	-	-	-	<b>(\$559,232)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 130

# BUDGET NARRATIVE

## Package 022 Phase-out Program and One-time Costs

Package Description as Modified in the Governor's Balanced Budget

### Package Description

Total reductions of (\$2,033,919) include scheduled one-time costs and phase-outs for projects approved during the last legislative session. The detail of the total reduction is as follows:

Pkg. 081 May 2010 Emergency Board .....	\$ (23,800)
Pkg. 131 Business Enterprise-Core Business Functions.....	(141,400)
Pkg. 132 Infrastructure Maintenance and Enhancement .....	(925,690)
Pkg. 840 HB 2113 PERS Housekeeping .....	(475,600)
Pkg. 841 HB 2456 Prohibit Tax Remedy for Nonresidents.....	(467,429)
 Total one-time costs and phase-outs .....	 \$(2,033,919)



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Overtime Payments	-	-	(17,700)	-	-	-	(17,700)
Public Employees' Retire Cont	-	-	(3,375)	-	-	-	(3,375)
Social Security Taxes	-	-	(1,354)	-	-	-	(1,354)
<b>Total Personal Services</b>	-	-	<b>(22,429)</b>	-	-	-	<b>(22,429)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(33,050)	-	-	-	(33,050)
Office Expenses	-	-	(145,000)	-	-	-	(145,000)
IT Professional Services	-	-	(1,152,300)	-	-	-	(1,152,300)
Expendable Prop 250 - 5000	-	-	(1,000)	-	-	-	(1,000)
IT Expendable Property	-	-	(346,140)	-	-	-	(346,140)
<b>Total Services &amp; Supplies</b>	-	-	<b>(1,677,490)</b>	-	-	-	<b>(1,677,490)</b>
<b>Capital Outlay</b>							
Telecommunications Equipment	-	-	(34,000)	-	-	-	(34,000)
Technical Equipment	-	-	(300,000)	-	-	-	(300,000)
<b>Total Capital Outlay</b>	-	-	<b>(334,000)</b>	-	-	-	<b>(334,000)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(2,033,919)	-	-	-	(2,033,919)
<b>Total Expenditures</b>	-	-	<b>(2,033,919)</b>	-	-	-	<b>(2,033,919)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 132

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	2,033,919	-	-	-	2,033,919
<b>Total Ending Balance</b>	-	-	<b>\$2,033,919</b>	-	-	-	<b>\$2,033,919</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 133

## BUDGET NARRATIVE

### Package 031 Standard Inflation

Package Description as Modified in the Governor's Balanced Budget

#### Package Description

The total cost of goods and services and capital outlay decreases by (\$361,479) Other Funds. The Department of Administrative Services (DAS) Price List of Goods and Services and the standard inflation factor are the basis for calculating cost increases in services, supplies, and capital outlay. Biennial inflation factors used is the standard 2.4 percent. Non-state employee personnel costs (contract providers) rate as applied to the Professional Services line items is 2.8 percent. Attorney General expenditures increase by \$156,191, reflecting a composite 14.9 percent increase based on the mix of services utilized by PERS.

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 totaling a decrease of (\$1,044,265) in State Government Service Charges. Treasury charges are based on a user fee price list and are part of State Government Service Charges. This reduction is attributable to two major factors: 1) DAS Enterprise Goods & Services changed their methodology in calculating the agency's risk management assessment which resulted in a decrease of (\$900,275), and 2) Secretary of State Audits Division no longer performs the annual audit of PERS' Comprehensive Annual Financial Report and therefore, reduced their assessment by (\$547,456). The annual audit is now performed by an outside firm; the Audits Division has oversight responsibility. The annual audit costs for conducting the audit are now reflected under Professional Services in Package 021. The overall reduction is offset by an increase of \$404,619 based on DAS Enterprise Goods & Services' change in methodology for calculating the agency's Procurement assessment in the Governor's printed budget. This increased the total Procurement assessment to \$448,909 for the 2013-15 biennium.

## BUDGET NARRATIVE

### State Government Service Charges

The total decrease of (\$1,044,265) in State Government Service Charges, as reflected in Package 031 is detailed below:

	2011-13 LAB	2013-15 GBB	Difference
<b><u>DAS Service Charges:</u></b>			
Chief Operating Office (COO)	\$ 43,263	\$ 84,412	\$ 41,149
Chief Financial Office (CFO)	37,527	74,179	36,652
Chief Information Office (CIO)	54,574	64,431	9,857
Chief Human Resource Office (CHRO)	157,900	91,818	(66,082)
Enterprise Technology Services (ETS)	57,086	7,402	(49,684)
Enterprise Asset Management (EAM)	12,490	18,682	6,192
Enterprise Goods & Services (EGS)	1,179,281	675,802	(503,479)
Enterprise Human Resource Services (EHRS)	0	41,961	41,961
<b>Total DAS State Government Service Charges</b>	<b>\$1,542,121</b>	<b>\$1,058,687</b>	<b>(\$483,434)</b>
<b><u>Oregon Secretary of State Charges:</u></b>			
Audits Division	554,956	7,500	(547,456)
Archives Security	9,622	9,443	(179)
Administrative Rules	1,889	3,551	1,662
<b>Total Secretary of State Govt. Service Charges</b>	<b>\$566,467</b>	<b>\$20,494</b>	<b>(\$545,973)</b>
<b><u>Oregon State Treasury Charges:</u></b>			
State Treasury Charges (based on user fees)	191,175	184,643	(6,532)
Debt Mgmt-Certificates of Participation Charges	1,447	1,134	(313)
<b>Total State Treasury Govt. Service Charges</b>	<b>\$192,622</b>	<b>\$185,777</b>	<b>(\$6,845)</b>
<b>Central Government Service Charges</b>	<b>311,531</b>	<b>323,915</b>	<b>12,384</b>
<b>Oregon Government Ethics</b>	<b>4,722</b>	<b>8,687</b>	<b>3,965</b>
<b>Oregon State Library Assessment</b>	<b>82,047</b>	<b>51,669</b>	<b>(30,378)</b>
<b>State of Oregon Law Library</b>	<b>27,525</b>	<b>22,969</b>	<b>(4,556)</b>
<b>Oregon State Police – Capital Mall Security</b>	<b>8,289</b>	<b>10,888</b>	<b>2,599</b>
<b>OR Minority Women &amp; Emerging Small Business</b>	<b>11,963</b>	<b>19,936</b>	<b>7,973</b>
<b>Total State Government Service Charges</b>	<b>\$2,747,287</b>	<b>\$1,703,022</b>	<b>(\$1,044,265)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 031 - Standard Inflation

Cross Reference Name: Operations  
Cross Reference Number: 45900-300-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	5,144	-	-	-	5,144
Out of State Travel	-	-	185	-	-	-	185
Employee Training	-	-	12,979	-	-	-	12,979
Office Expenses	-	-	39,156	-	-	-	39,156
Telecommunications	-	-	11,841	-	-	-	11,841
State Gov. Service Charges	-	-	(1,044,265)	-	-	-	(1,044,265)
Data Processing	-	-	197,634	-	-	-	197,634
Publicity and Publications	-	-	5,678	-	-	-	5,678
Professional Services	-	-	81,025	-	-	-	81,025
IT Professional Services	-	-	51,166	-	-	-	51,166
Attorney General	-	-	156,191	-	-	-	156,191
Dispute Resolution Services	-	-	(2,688)	-	-	-	(2,688)
Employee Recruitment and Develop	-	-	1,294	-	-	-	1,294
Dues and Subscriptions	-	-	849	-	-	-	849
Facilities Rental and Taxes	-	-	60,199	-	-	-	60,199
Fuels and Utilities	-	-	6,542	-	-	-	6,542
Facilities Maintenance	-	-	26,206	-	-	-	26,206
Other Services and Supplies	-	-	69	-	-	-	69
Expendable Prop 250 - 5000	-	-	1,919	-	-	-	1,919
IT Expendable Property	-	-	13,152	-	-	-	13,152
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$375,724)</b>	-	-	-	<b>(\$375,724)</b>
<b>Capital Outlay</b>							
Office Furniture and Fixtures	-	-	785	-	-	-	785
Telecommunications Equipment	-	-	1,596	-	-	-	1,596

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 136

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 031 - Standard Inflation

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Data Processing Software	-	-	2,645	-	-	-	2,645
Data Processing Hardware	-	-	9,219	-	-	-	9,219
<b>Total Capital Outlay</b>	-	-	<b>\$14,245</b>	-	-	-	<b>\$14,245</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(361,479)	-	-	-	(361,479)
<b>Total Expenditures</b>	-	-	<b>(\$361,479)</b>	-	-	-	<b>(\$361,479)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	361,479	-	-	-	361,479
<b>Total Ending Balance</b>	-	-	<b>\$361,479</b>	-	-	-	<b>\$361,479</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page 137

## BUDGET NARRATIVE

### Package 060 Technical Adjustment

#### Package Description

This is a one-time technical adjustment to move \$22,000 Other Funds in Operations from the Professional Services category to Other Services and Supplies category in the base budget. The reason for the change is due to a change in the statewide accounting system account used to record a collection fee payment to the Department of Revenue or to a vendor our agency has contracted with to collect overpaid benefits. Any base budget adjustment involving the Professional Services category requires a technical adjustment be approved by the agency's Budget and Management budget analyst.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 060 - Technical Adjustments

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Professional Services	-	-	(22,000)	-	-	-	(22,000)
Other Services and Supplies	-	-	22,000	-	-	-	22,000
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page 139



## BUDGET NARRATIVE

### Package 081 May 2012 Emergency Board

Package Description as Modified in the Governor's Balanced Budget

#### Package Description

**Purpose:** PERS requests \$965,954 Other Funds and the establishment of three limited duration positions (3.00 FTE) to continue the 2011-12 biennium increase in limitation and authorization of three limited duration positions approved by the May 2012 Legislative Emergency Board. A reduction of \$(348,237) Other Funds in Professional Services and a reduction of \$(401,763) Other Funds in the base budget as a result of position reductions that were implemented in Permanent Finance Plan #121 relates to the 2011-13 budget reconciliation bill, SB 5701 passed during the 2012 session.

#### Strunk/Eugene Recovery Project

##### Purpose and How Achieved:

Three limited duration positions (3.00 FTE) and \$564,191 Other Funds is needed to continue recovering overpaid benefits from a large population of benefit recipients, in conformance with the Oregon Supreme Court (in two decisions from 2005, the *Strunk* and *City of Eugene* cases). PERS estimates that \$200,000 is needed to pay collection fees for accounts turned over to the Department of Revenue and private collection agencies. The remainder is needed to cover Personal Services, training, and office expenses associated with the three limited duration positions.

##### Staffing Impact:

- Three limited duration Accounting Technician 3 positions (3.00 FTE), position numbers 1510128 - 1510130

##### Quantifying Results:

- The entire recovery effort involves recovering an estimated \$164,684,600 in overpayments from almost 29,000 benefit recipients. 100% of all the invoices to these recipients will have been mailed by June 30, 2013. This recovery effort has a payback period of up to 10 years from the date of invoice.
- Various monthly reports will monitor the results:
  - Monthly cash receipts reports
  - Monthly accounts receivable aging reports
  - Monthly collection status reports

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 140

## BUDGET NARRATIVE

### SB 5701 Budget Rebalance Plan

#### Purpose and How Achieved:

PERS 2011-13 Personal Services was reduced by \$750,000 Other Funds due to the budget note which was approved in the budget report for SB 5701, the 2011-13 budget reconciliation bill passed during the 2012 session. The budget note states that this reduction was taken “to reduce the number of middle managers and public affairs positions in state government and to reduce the amount for advertising and personal services contracts.” PERS does not have positions or personal services contracts for public affairs or advertising. PERS worked with the Legislative Fiscal Office Budget Analyst in developing a plan to make permanent changes to the management as part of PERS restructuring of business operations. PERS initiated an enterprise-level strategic planning effort in August 2011. PERS long term budget strategy is to align the agency re-organization with the expectations expressed through the manager/staff ratio targets and outcome-based management. PERS has made progress towards, and will ultimately achieve, a 1 to 11 ratio for supervisory managers to staff. To date PERS has taken several position actions - permanent financing plans resulting in the abolishment of three supervising management positions and three representation code changes from management supervisory to nonsupervisory management positions.

The SB 5701 reduction was made in account 3470, Undistributed Personal Services, as an adjustment to our 2011-13 Other Funds budget. This account needed to be made whole. A reduction of \$401,763 Other Funds was reduced in base budget as a result of position reductions that were implemented in Permanent Finance Plan #121. The remainder of the \$750,000 reduction \$(348,237) is taken as a cut to Professional Services in Services & Supplies in this package.

**Revenue Source:** Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statutes and applicable administrative rules.

**2015-17 Fiscal Impact:** The Strunk/Eugene Recovery Project is expected to continue but PERS can’t estimate the impact to 2015-17 at this time. The SB 5701 reduction was a permanent reduction.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 081 - May 2012 E-Board

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	1,315,510	-	-	-	1,315,510
<b>Total Revenues</b>	-	-	<b>\$1,315,510</b>	-	-	-	<b>\$1,315,510</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	199,800	-	-	-	199,800
Empl. Rel. Bd. Assessments	-	-	120	-	-	-	120
Public Employees' Retire Cont	-	-	38,103	-	-	-	38,103
Social Security Taxes	-	-	15,285	-	-	-	15,285
Worker's Comp. Assess. (WCD)	-	-	177	-	-	-	177
Mass Transit Tax	-	-	1,199	-	-	-	1,199
Flexible Benefits	-	-	91,584	-	-	-	91,584
Reconciliation Adjustment	-	-	(2)	-	-	-	(2)
Undistributed (P.S.)	-	-	750,000	-	-	-	750,000
<b>Total Personal Services</b>	-	-	<b>\$1,096,266</b>	-	-	-	<b>\$1,096,266</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	2,925	-	-	-	2,925
Office Expenses	-	-	15,000	-	-	-	15,000
Professional Services	-	-	(348,237)	-	-	-	(348,237)
Other Services and Supplies	-	-	200,000	-	-	-	200,000
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$130,312)</b>	-	-	-	<b>(\$130,312)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 142

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 081 - May 2012 E-Board

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	965,954	-	-	-	965,954
<b>Total Expenditures</b>	-	-	<b>\$965,954</b>	-	-	-	<b>\$965,954</b>
<b>Ending Balance</b>							
Ending Balance	-	-	349,556	-	-	-	349,556
<b>Total Ending Balance</b>	-	-	<b>\$349,556</b>	-	-	-	<b>\$349,556</b>
<b>Total Positions</b>							
Total Positions							3
<b>Total Positions</b>	-	-	-	-	-	-	<b>3</b>
<b>Total FTE</b>							
Total FTE							3.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>3.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page 143

# BUDGET NARRATIVE

12/28/12 REPORT NO.: PDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY:45900 PUB EMPLOYEES RETIREMNT SYSTEM  
 SUMMARY XREF:300-00-00 Operations

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM

PAGE 1  
 PROD FILE

2013-15  
 PICS SYSTEM: BUDGET PREPARATION

PACKAGE: 081 - May 2012 E-Board

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1510128	OA	C0212	AA ACCOUNTING TECHNICIAN 3	1	1.00	24.00	02	2,775.00		66,600 48,423			66,600 48,423
1510129	OA	C0212	AA ACCOUNTING TECHNICIAN 3	1	1.00	24.00	02	2,775.00		66,600 48,423			66,600 48,423
1510130	OA	C0212	AA ACCOUNTING TECHNICIAN 3	1	1.00	24.00	02	2,775.00		66,600 48,423			66,600 48,423
TOTAL PICS SALARY										199,800			199,800
TOTAL PICS OPE										145,269			145,269
TOTAL PICS PERSONAL SERVICES =				3	3.00	72.00				345,069			345,069

# BUDGET NARRATIVE

## Package 091 Statewide Administrative Savings

Package Description as Modified in the Governor's Balanced Budget

### Package Description

**Purpose and How Achieved:** The Governor's budget requires increased efficiency in the operation of state government, calls for additional savings in administrative expenditures, and allows for the reinvestment of some of the savings realized through efficiencies into agency programs or to other initiatives that will further improve the administrative operations of state government.

Package 091 was included in all agency budgets as a placeholder for administrative efficiencies to be found in Finance, IT, HR, Accounting, Payroll, and Procurement activities; PERS' budget was reduced by \$1,468,988. The Improving Government subcommittee of the Enterprise Leadership Team will be identifying proposed efficiencies or changes in the delivery of service to meet the funding level in the Governor's budget, and will work with individual agencies on the impact to their budget, along with reinvestment opportunities.

Agencies have been asked not to develop implementation plans for Package 091 until those proposed changes have been identified.

**Staffing Impact:** To be determined when implementation plans for Package 091 are developed.

**Quantifying Results:** To be determined when implementation plans for Package 091 are developed.

**Revenue Source:** Revenues to fund administrative expenditures are obtained from the various PERS' programs and activities in accordance with Oregon Revised Statutes and applicable administrative rules.

**2015-17 Fiscal Impact:** The anticipated impact to 2015-17 is estimated to be approximately the same as the reduction for 2013-15, as this savings is meant to be permanent.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 091 - Statewide Administrative Savings

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Undistributed (P.S.)	-	-	(1,087,051)	-	-	-	(1,087,051)
<b>Total Personal Services</b>	-	-	<b>(\$1,087,051)</b>	-	-	-	<b>(\$1,087,051)</b>
<b>Services &amp; Supplies</b>							
Undistributed (S.S.)	-	-	(352,557)	-	-	-	(352,557)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$352,557)</b>	-	-	-	<b>(\$352,557)</b>
<b>Capital Outlay</b>							
Undistributed (C.O.)	-	-	(29,380)	-	-	-	(29,380)
<b>Total Capital Outlay</b>	-	-	<b>(\$29,380)</b>	-	-	-	<b>(\$29,380)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(1,468,988)	-	-	-	(1,468,988)
<b>Total Expenditures</b>	-	-	<b>(\$1,468,988)</b>	-	-	-	<b>(\$1,468,988)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	1,468,988	-	-	-	1,468,988
<b>Total Ending Balance</b>	-	-	<b>\$1,468,988</b>	-	-	-	<b>\$1,468,988</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request     
  Governor's Recommended     
  Legislatively Adopted

Budget Page 146

## BUDGET NARRATIVE

### Package 092 PERS Taxation Policy

Package Description as Modified in the Governor's Balanced Budget

#### Package Description

**Purpose and How Achieved:** This package supports a policy change to limit supplemental tax benefit payments to PERS retired members, their spouses, or beneficiaries that are Oregon residents, plus non-residents will no longer receive the supplemental tax benefit payments. The policy change saves approximately 40 basis points on the PERS employer rate.

Package 092 was included in all agency budgets as a placeholder reduction to PERS Policy Adjustment in Personal Services; PERS budget was reduced by \$161,673 in Personal Services. This reduction, combined with other changes contained in the Governor's Balanced Budget, would result in the agency's PERS contribution rate being reduced from 19.73% to 19.07%.

**Staffing Impact:** None

**Quantifying Results:** To be determined when this policy change is introduced in a bill, and that bill is approved in the 2013 Legislative Session and becomes law.

**Revenue Source:** Revenues to fund administrative expenditures are obtained from the various PERS' programs and activities in accordance with Oregon Revised Statutes and applicable administrative rules.

**2015-17 Fiscal Impact:** The anticipated impact to 2015-17 can't be determined at this time.



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 092 - PERS Taxation Policy

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
PERS Policy Adjustment	-	-	(161,673)	-	-	-	(161,673)
<b>Total Personal Services</b>	-	-	<b>(\$161,673)</b>	-	-	-	<b>(\$161,673)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(161,673)	-	-	-	(161,673)
<b>Total Expenditures</b>	-	-	<b>(\$161,673)</b>	-	-	-	<b>(\$161,673)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	161,673	-	-	-	161,673
<b>Total Ending Balance</b>	-	-	<b>\$161,673</b>	-	-	-	<b>\$161,673</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 148

## BUDGET NARRATIVE

### Package 093 Other PERS Adjustments

Package Description as Modified in the Governor's Balanced Budget

#### Package Description

**Purpose and How Achieved:** This package supports a policy change that reduces the PERS employer rate by approximately 320 basis points.

Package 093 was included in all agency budgets as a placeholder reduction to PERS Policy Adjustment in Personal Services; PERS budget was reduced by \$1,291,845 in Personal Services. This reduction, combined with other changes contained in the Governor's Balanced Budget, would result in the agency's PERS contribution rate being reduced from 19.73% to 19.07%.

**Staffing Impact:** None

**Quantifying Results:** To be determined when this policy change is introduced in a bill, and that bill is approved in the 2013 Legislative Session and becomes law.

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

**2015-17 Fiscal Impact:** The anticipated impact to 2015-17 cannot be determined at this time.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 093 - Other PERS Adjustments

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
PERS Policy Adjustment	-	-	(1,291,845)	-	-	-	(1,291,845)
<b>Total Personal Services</b>	-	-	<b>(\$1,291,845)</b>	-	-	-	<b>(\$1,291,845)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(1,291,845)	-	-	-	(1,291,845)
<b>Total Expenditures</b>	-	-	<b>(\$1,291,845)</b>	-	-	-	<b>(\$1,291,845)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	1,291,845	-	-	-	1,291,845
<b>Total Ending Balance</b>	-	-	<b>\$1,291,845</b>	-	-	-	<b>\$1,291,845</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 150

## BUDGET NARRATIVE

### Package 101 Current Service Delivery Level

Package Description as Modified in the Governor's Balanced Budget

#### Package Description

**Purpose:** PERS requests \$5,455,428 Other Funds, the establishment of twenty-seven permanent positions (27.00 FTE) to replace the same number (27.00 FTE) of current limited duration positions, the establishment of three new permanent positions (3.00 FTE), and increased budget limitation to meet current actuarial and audit requirements. There are five necessary components in this package: Continuation of Limited Duration Positions as Permanent Positions, Data Reconciliation – Legacy Data, Data Reporting / Analysis and Performance Measurement, Government Accounting Standards Board (GASB) Actuarial Requirements, and Secretary of State Audit Requirements.

#### *Continuation of Limited Duration Positions as Permanent Positions*

**Purpose and How Achieved:** PERS requests \$4,378,657 Other Funds and the establishment of twenty-seven permanent positions (27.00 FTE), currently limited duration positions, to maintain current service delivery level. The agency's Legislatively Approved Budget for 2011-13 included authority for 29 Limited Duration positions. Unlike the normal Limited Duration positions that are tied to a project or short-term operation that spans only that biennium, 27 of these limited duration positions have carried over from prior biennia as the new programs added through the 2003 PERS Reform legislation and subsequent actions have been normalized into core agency processes. Conclusively resolving these 2011-13 limited duration positions as permanent positions in 2013-15 allows PERS to establish a correct current service level baseline for future operations and planning. The basic agency functions that would be staffed to current service levels through this package are planning and implementing process improvements, managing employers' data, reviewing and validating data, revising and creating business rules, and processing member appeals and contested cases.

#### Staffing Impact:

- One permanent Office Specialist 2 position (1.00 FTE), position number 1510116
- Six permanent Retirement Counselor 1 positions (6.00 FTE), position numbers 1510108 through 1510110, 1510117, 1510119, and 1510120
- Nine permanent Retirement Counselor 2 position (9.00 FTE), position numbers 1510105, 1510111 through 1510115, 1510118, and 1510121 through 1510122
- One permanent Compliance Specialist 2 position (1.00 FTE), position number 1510125
- One permanent Operations & Policy Analyst 1 positions (1.00 FTE), position number 1510124

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 151

## BUDGET NARRATIVE

- One permanent Operations & Policy Analyst 2 position (1.00 FTE), position number 1510106
- Five permanent Operations & Policy Analyst 3 positions (5.00 FTE), position numbers 1510123, and 1510101 through 1510104
- Two permanent Information Systems Specialist 7 (2.00 FTE), position numbers 1510126 through 1510127
- One permanent Principal Executive/Manager B position (1.00 FTE), position number 1510107

### Quantifying Results:

- Utilize Scorecards and Quarterly Target Reviews, regular production performance reports, operational Service Levels and annual Key Performance Measures to compare past and present performance
- KPM #1, Timely Benefit Payments, milestones:
  - 80% of benefit payments paid to member within 45 days by July 2013
- KPM #4, Benefit Accuracy, milestones:
  - 80% of monthly benefit service retirements are calculated to within \$5 per month by December 2011
  - 100% of monthly benefit service retirements are calculated to within \$5 per month
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual member and employer satisfaction survey throughout 2013-15 biennium
- KPM #7, Timely Benefit Estimates, milestones:
  - 95 % of benefit estimates to the member within 30 days by July 2013
- Business rule development milestone:
  - 90% of business rules will be completed within 90 days of identification or request
- Disability contested case hearings milestones:
  - Maintain 100 % service level of detail letters to member within 90 days of referral of claim throughout 2011-2013 biennium
  - Maintain 100% service level of referring the member's hearing request to the Department of Justice (DOJ) and the Office of Administrative Hearings within 6 months of the date the file is received by PPLAD throughout 2011-2013 biennium
- Non-Disability appeals milestones:
  - Maintain 100% service level of acknowledging appeal request within 10 days of receipt of appeal throughout 2011-2013 biennium
  - Maintain 100% service level of responding to member within 45 days of acknowledgement letter throughout 2011-2013 biennium

## BUDGET NARRATIVE

- Non-Disability contested case hearings milestones:
  - Maintain 100% service level of acknowledging contested case request within 15 days throughout 2011-2013 biennium
  - Maintain 100% service level of forwarding exhibit book to DOJ within 30 days of acknowledgement letter throughout 2011-2013 biennium
- Other internal measurements that will be used to quantify the success of these initiatives include system availability metrics, overall improved system performance, faster system development and testing cycles, and disaster recovery preparedness assessments.

### *Data Reconciliation – Legacy Data*

**Purpose and How Achieved:** PERS requests \$277,361 Other Funds and the establishment of two permanent positions (2.00 FTE) to support and increase service levels for the DART workload. In July of 2011, the Membership and Employer Relations section created the Data Analysis and Reconstruction Team (DART) with 3 FTE to handle manual account corrections and correct data migration errors for retirement adjustments. This team was created to resolve data reconciliation issues that prevent members from receiving a benefit. Membership Data Migration Error (DME) flags were placed on accounts during the RIMS Conversion Project (RCP) based on established general rules set into algorithms. The DME flags are identifiers of data quality issues associated with missing or inaccurate service time or salary. Those errors were not allowed to migrate into the ORION system’s membership database, to avoid corrupting that data source. Rather, accounts with such errors are “flagged” so staff can see the accounts that did not meet the migration requirements during conversion. For those accounts with DME flags, the data problems have to be resolved before the system will process the account; otherwise, PERS runs an increased risk of sending inaccurate information on estimates, purchases, withdrawals, disability and service retirement benefits. Accounts with DME flags must be analyzed to assure the member account data is valid, accurate, and complete before the DME flag is cleared and the account is allowed to proceed to the next phase of calculating a benefit.

The Data Prep project, which ended in June 2011, proactively worked on active member accounts to remove DME flags or otherwise clear the accounts, to reduce the impact on these members as they prepare to retire. When that project ended, the workload was shifted to the DART as part of normal production. The efforts of Data Prep project/DART successfully removed 99.96% of the DME flags from active member accounts. However, the DME flags remain on accounts of members who have already retired, many of whom require benefit adjustments when they return to work, change from a disability retirement to a service retirement, divide their benefit with a former spouse, or convert to a beneficiary benefit when the member passes away. This population of approximately 91,116 accounts must be individually worked as they arise to remove the DME flags. The DART has years of experience in analyzing, testing and entering membership data for use by other operational departments, so they can accomplish this work quickly, but the sheer volume of accounts needing flags cleared has overwhelmed the staff resources dedicated to this team. In March 2012, the DART was

## BUDGET NARRATIVE

only able to process about 64% of the incoming requests, creating a growing backlog. This team should be staffed to adequately support agency business processes and related member benefit transactions in an efficient and timely manner.

### Staffing Impact:

- Two permanent Retirement Counselor 2 positions (2.00 FTE), position numbers 1510131 through 1510132

### Quantifying Results:

- Utilize Scorecards and Quarterly Target Reviews, regular production performance reports, operational Service Levels and annual Key Performance Measures to compare past and present performance
- KPM #1, Timely Benefit Payments, milestones:
  - 80% of benefit payments paid to member within 45 days by July 2013
- KPM #4, Benefit Accuracy, milestones:
  - 80% of monthly benefit service retirements are calculated to within \$5 per month by December 2011
  - 100% of monthly benefit service retirements are calculated to within \$5 per month
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual member and employer satisfaction survey throughout 2013-15 biennium
- KPM #7, Timely Benefit Estimates, milestones:
  - 95 % of benefit estimates to the member within 30 days by July 2013
- Utilize Internal Audits and quality assurance reviews

### *Data Reporting / Analysis and Performance Measurement*

**Purpose and How Achieved:** PERS requests \$164,410 Other Funds and the establishment of one permanent position (1.00 FTE) to develop and implement a consolidated enterprise-wide data dictionary, data repository, data reporting and analysis process, and performance measurement process and schedule; train supporting staff and oversee the process for responding to internal and external requests for data reports and analysis; oversee performance data gathering and performance measurement reporting; and provide consultative advice on administrative, policy, programmatic, and management aspects of agency operations based on data and performance measurement reports and analysis.

## BUDGET NARRATIVE

Data reporting includes accessing data from over 330,000 member accounts and over 900 employers, across numerous agency systems, comprised of over 1,000 data tables, several hundred data fields, and millions of data records. Data analysis includes review of complicated data comparisons or reports in structures, formats, and/or relationships that are currently unavailable, and identifying and evaluating uncertainties about the data and other variables to resolve current operational measurements that are ambiguous and susceptible to widely varying interpretations, or complicated by conflicting operational or service goals and objectives. And performance measurement includes providing statistical analysis to evaluate the effectiveness of programs throughout the agency and conduct studies typically containing findings of major significance that will serve as the basis for strategic planning initiatives, new administrative systems, legislation, regulations, policies, or programs which could significantly change major administrative aspects of programs or substantially affect the quality and quantity of services provided to the agency's customers.

### Staffing Impact:

- One permanent Operations & Policy Analyst 2 (1.00 FTE), position number 1510133

### Quantifying Results:

- Utilize Scorecards and Quarterly Target Reviews, regular production performance reports, and annual Key Performance measures to compare past and present performance
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual member and employer satisfaction survey throughout 2013-15 biennium

### *Governmental Accounting Standards Board (GASB) Pension Accounting and Reporting Requirements*

**Purpose and How Achieved:** PERS requests \$385,000 Other Funds to maintain compliance with ORS 238.660 (8). This statute requires PERS to prepare an annual report that contains financial statements prepared in accordance with generally accepted accounting principles (GAAP), and that the financial statements include the report of an independent auditor. PERS provides the employers with the actuarial information they need to prepare their annual financial statements in compliance with GAAP.

GASB is changing the requirements for employers' financial statements. PERS' actuary will have to do additional work annually for PERS to be in compliance with the statute above. PERS contracts with the actuary to provide a summary for each employer which will include an actuarial balance sheet, contribution rate, and any additional information necessary for compliance with GASB's new pronouncements. PERS estimates that this additional work will cost approximately \$385,000 in the 2013-15 biennium.



## BUDGET NARRATIVE

### Staffing Impact:

- None

### Quantifying Results:

- Compliance with the two pronouncements approved by the Governmental Accounting Standards Board of the Financial Accounting Foundation in June 2012

### *Secretary of State Audit Requirements*

**Purpose and How Achieved:** PERS requests \$250,000 Other Funds for increased costs for the Secretary of State, Audits Division, to audit PERS' fiscal year-end financial statements. Any time there is a change in GASB pronouncements (as stated above), the initial audit in which the change takes place usually means that the Audits Division, or their consultants if they continue to contract with a private accounting firm as they have in the recent past, will need to perform additional work. PERS estimates this additional work will cost approximately \$250,000 in the 2013-15 biennium.

### Staffing Impact:

- None

### Quantifying Results:

- Compliance with the two pronouncements approved by the Governmental Accounting Standards Board of the Financial Accounting Foundation in June 2012

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

**2015-17 Fiscal Impact:** The anticipated impact to 2015-17 is estimated to be approximately the same amount requested for 2013-15, as this request is for permanent financing.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Delivery Levels

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	5,474,611	-	-	-	5,474,611
<b>Total Revenues</b>	-	-	<b>\$5,474,611</b>	-	-	-	<b>\$5,474,611</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	2,906,544	-	-	-	2,906,544
Empl. Rel. Bd. Assessments	-	-	1,200	-	-	-	1,200
Public Employees' Retire Cont	-	-	554,278	-	-	-	554,278
Social Security Taxes	-	-	222,355	-	-	-	222,355
Worker's Comp. Assess. (WCD)	-	-	1,770	-	-	-	1,770
Mass Transit Tax	-	-	17,440	-	-	-	17,440
Flexible Benefits	-	-	915,840	-	-	-	915,840
Reconciliation Adjustment	-	-	1	-	-	-	1
<b>Total Personal Services</b>	-	-	<b>\$4,619,428</b>	-	-	-	<b>\$4,619,428</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	36,000	-	-	-	36,000
Office Expenses	-	-	150,000	-	-	-	150,000
Professional Services	-	-	635,000	-	-	-	635,000
Expendable Prop 250 - 5000	-	-	3,000	-	-	-	3,000
IT Expendable Property	-	-	12,000	-	-	-	12,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$836,000</b>	-	-	-	<b>\$836,000</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 157

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Delivery Levels

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	5,455,428	-	-	-	5,455,428
<b>Total Expenditures</b>	-	-	<b>\$5,455,428</b>	-	-	-	<b>\$5,455,428</b>
<b>Ending Balance</b>							
Ending Balance	-	-	19,183	-	-	-	19,183
<b>Total Ending Balance</b>	-	-	<b>\$19,183</b>	-	-	-	<b>\$19,183</b>
<b>Total Positions</b>							
Total Positions							30
<b>Total Positions</b>	-	-	-	-	-	-	<b>30</b>
<b>Total FTE</b>							
Total FTE							30.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>30.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 158

# BUDGET NARRATIVE

12/28/12 REPORT NO.: PDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY:45900 PUB EMPLOYEES RETIREMNT SYSTEM  
 SUMMARY XREF:300-00-00 Operations

DEPT. OF ADMIN. SVCS. -- PPDE PICS SYSTEM

2013-15  
 PICS SYSTEM: BUDGET PREPARATION

PAGE 2  
 PROD FILE

PACKAGE: 101 - Current Service Delivery Level

POSITION NUMBER	CLASS COMP	CLASS NAME	POS CNT	FTE	MOS	STBP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1510101	MMN X0872 AA	OPERATIONS & POLICY ANALYST 3	1	1.00	24.00	04	5,567.00		133,608 66,327			133,608 66,327
1510102	MMN X0872 AA	OPERATIONS & POLICY ANALYST 3	1	1.00	24.00	02	5,052.00		121,248 63,025			121,248 63,025
1510103	MMN X0872 AA	OPERATIONS & POLICY ANALYST 3	1	1.00	24.00	05	5,839.00		140,136 68,071			140,136 68,071
1510104	MMN X0872 AA	OPERATIONS & POLICY ANALYST 3	1	1.00	24.00	06	6,134.00		147,216 69,963			147,216 69,963
1510105	OA C0842 AA	RETIREMENT COUNSELOR 2	1	1.00	24.00	04	3,484.00		83,616 52,970			83,616 52,970
1510106	OA C0871 AA	OPERATIONS & POLICY ANALYST 2	1	1.00	24.00	03	4,210.00		101,040 57,625			101,040 57,625
1510107	MMS X7002 AA	PRINCIPAL EXECUTIVE/MANAGER B	1	1.00	24.00	03	4,159.00		99,816 57,298			99,816 57,298
1510108	OA C0841 AA	RETIREMENT COUNSELOR 1	1	1.00	24.00	03	3,032.00		72,768 50,071			72,768 50,071
1510109	OA C0841 AA	RETIREMENT COUNSELOR 1	1	1.00	24.00	03	3,032.00		72,768 50,071			72,768 50,071
1510110	OA C0841 AA	RETIREMENT COUNSELOR 1	1	1.00	24.00	03	3,032.00		72,768 50,071			72,768 50,071
1510111	OA C0842 AA	RETIREMENT COUNSELOR 2	1	1.00	24.00	02	3,177.00		76,248 51,000			76,248 51,000
1510112	OA C0842 AA	RETIREMENT COUNSELOR 2	1	1.00	24.00	03	3,332.00		79,968 51,995			79,968 51,995
1510113	OA C0842 AA	RETIREMENT COUNSELOR 2	1	1.00	24.00	04	3,484.00		83,616 52,970			83,616 52,970
1510114	OA C0842 AA	RETIREMENT COUNSELOR 2	1	1.00	24.00	02	3,177.00		76,248 51,000			76,248 51,000
1510115	OA C0842 AA	RETIREMENT COUNSELOR 2	1	1.00	24.00	09	4,413.00		105,912 58,926			105,912 58,926
1510116	OA C0104 AA	OFFICE SPECIALIST 2	1	1.00	24.00	03	2,451.00		58,824 46,345			58,824 46,345

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 159

# BUDGET NARRATIVE

12/28/12 REPORT NO.: PDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY:45900 PUB EMPLOYEES RETIREMNT SYSTEM  
 SUMMARY XREF:300-00-00 Operations

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM

2013-15  
 PICS SYSTEM: BUDGET PREPARATION

PAGE 3  
 PROD FILE

PACKAGE: 101 - Current Service Delivery Level

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1510117	OA	C0841	AA RETIREMENT COUNSELOR 1	1	1.00	24.00	03	3,032.00		72,768 50,071			72,768 50,071
1510118	OA	C0842	AA RETIREMENT COUNSELOR 2	1	1.00	24.00	03	3,332.00		79,968 51,995			79,968 51,995
1510119	OA	C0841	AA RETIREMENT COUNSELOR 1	1	1.00	24.00	04	3,177.00		76,248 51,000			76,248 51,000
1510120	OA	C0841	AA RETIREMENT COUNSELOR 1	1	1.00	24.00	03	3,032.00		72,768 50,071			72,768 50,071
1510121	OA	C0842	AA RETIREMENT COUNSELOR 2	1	1.00	24.00	05	3,652.00		87,648 54,047			87,648 54,047
1510122	OA	C0842	AA RETIREMENT COUNSELOR 2	1	1.00	24.00	06	3,838.00		92,112 55,240			92,112 55,240
1510123	MMN	X0872	AA OPERATIONS & POLICY ANALYST 3	1	1.00	24.00	08	6,760.00		162,240 73,977			162,240 73,977
1510124	OA	C0870	AA OPERATIONS & POLICY ANALYST 1	1	1.00	24.00	02	3,332.00		79,968 51,995			79,968 51,995
1510125	OA	C5247	AA COMPLIANCE SPECIALIST 2	1	1.00	24.00	04	4,019.00		96,456 56,400			96,456 56,400
1510126	OA	C1487	IA INFO SYSTEMS SPECIALIST 7	1	1.00	24.00	07	6,343.00		152,232 71,304			152,232 71,304
1510127	OA	C1487	IA INFO SYSTEMS SPECIALIST 7	1	1.00	24.00	08	6,641.00		159,384 73,215			159,384 73,215
1510131	OA	C0842	AA RETIREMENT COUNSELOR 2	1	1.00	24.00	02	3,177.00		76,248 51,000			76,248 51,000
1510132	OA	C0842	AA RETIREMENT COUNSELOR 2	1	1.00	24.00	02	3,177.00		76,248 51,000			76,248 51,000
1510133	OA	C0871	AA OPERATIONS & POLICY ANALYST 2	1	1.00	24.00	02	4,019.00		96,456 56,400			96,456 56,400
TOTAL PICS SALARY										2,906,544			2,906,544
TOTAL PICS OPE										1,695,443			1,695,443
TOTAL PICS PERSONAL SERVICES =				30	30.00	720.00				4,601,987			4,601,987

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 160

# BUDGET NARRATIVE

## Package 102 Retiree Health Insurance Program

Package Description as Modified in the Governor's Balanced Budget

### Package Description

**Purpose:** PERS requests \$803,696 Other Funds, the establishment of three new permanent positions (3.00 FTE), and increased budget limitation for actuarial and consulting support. There are two necessary components in this package: Retiree Health Insurance Program Administration, and Retiree Health Insurance Program Actuarial and Consulting Support.

### *Retiree Health Insurance Program Administration*

**Purpose and How Achieved:** PERS requests \$553,696 Other Funds and the establishment of three new permanent positions (3.00 FTE) to administer the Retiree Health Insurance Program. The PERS Health Insurance Program (PHIP) was established in the 1950s and has steadily grown and improved as the health care industry has evolved over the years. The goal of the program is to provide PERS members with accurate and timely insurance information so that they can make informed retirement decisions about their health care insurance needs, and to ensure the fiscal integrity of the health insurance program. The program has a current enrollment of some 55,000 retirees, and insurance premiums are predominately paid by program participants. There is a competitive bid process whereby health care providers can compete for health care delivery and administrative services. Currently, four health insurance contractors provide services (medical and pharmacy) to the retirees in the program. The program enlists the aid of consultants to track claims experience, monitor changes in the healthcare industry, and assist in business processes. The program also uses a Third Party Administrator (TPA) to assist with plan enrollment and the member-to-carrier payment process. Funding for the program from subsidies, retiree premiums, and other sources exceeds \$150 million a year.

The program is operated through three statutorily created trust funds:

- 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

Revenue for the program is also provided from federal sources like the Centers for Medicare & Medicaid Services (CMS), and one-time funding generated by the Early Retirement Reimbursement Program (ERRP)

## BUDGET NARRATIVE

The SRHIA fund receives the main portion of the program's revenue, almost all of which comes from deductions from member's monthly benefit payments or direct payments from participants. These payments from members or other participants are then used to pay premiums to participating health care providers. Each of these processes requires fund reconciliations.

On the financial side, the payment process for carriers ranges from several standard fully insured models to a hybrid insurance model referred to as a Minimum Payment Plan (MPP). The MPP is a complex financial funding model requiring additional oversight as it includes the use of reserves that involve contractual restrictions. Along with the transactional and accounting complexities, timely financial reporting of these reserves also presents challenges due to actuarial computations. More recently, the business processes and accounting for this program have been further complicated by a DOJ opinion (Dated August 9, 2012). While the opinion offered desired clarity on the taxability of interest earned by the SHRIA funds, the DOJ also advised that the reserves contractually situated at the carrier are more appropriately held by State Treasury. This decision adds another level of effort to the already multi-layered business process refinements under deliberation to strengthen program accounting and administration.

Member outreach methods include a quarterly PHIP newsletter sent to all members, an up-to-date web site, and community meetings to keep members informed of changes and developments related to their health care insurance coverage. The PHIP Advisory Committee meets several times each year and participation in these meetings fulfills an important function in keeping the PERS Board informed about the PHIP service delivery.

The agency is committed to strong controls over fiscal processes and sufficient oversight of the service delivery by the carriers, the TPA, and the consultant. To achieve this outcome, PHIP must:

- Provide for the oversight and administration of all aspects of the customer service and financial components of the PERS Health Insurance Program.
- Be responsible for all management functions related to the development and administration of PERS rules, policies, and procedures related to eligibility, enrollment, and system administration for member medical, dental, vision, disability, long term care, and life insurance coverage.
- Provide for the direct supervision of the PHIP staff responsible for supporting the administration of benefits through training and guidance related to the health benefit management system, benefit questions, concerns, and difficulties, and offer assistance providing member services as needed to PERS retirees.
- Be responsible for evaluating the quality of PHIP services and directing actions necessary to ensure compliance with established policies, objectives, program priorities, and applicable healthcare laws, rules, and federal regulations.
- Provide leadership to the team, including staff and contractors that will be carrying out the policies and goals of the PHIP by ensuring PERS retirees receive high quality customer service in accessing health benefit information and services.

## BUDGET NARRATIVE

- Seek business process improvements that will create more efficient premium processing at lower unit costs by studying and refining our banking processes and our inter-entity payment processes.
- Research and stay abreast of legislative changes and their potential program impacts resulting from the continued implementation of the federal Affordable Care Act which is targeted for 2014.
- Similarly, research and stay abreast of Oregon's healthcare legislative changes and their potential program impacts resulting from the impending implementation of the Oregon Health Insurance Exchange also targeted for 2014.
- Continue to improve and refine, through policy, operational, and system modifications, the ability to provide health insurance to retirees in a timely and accurate manner that properly assess member eligibility for the health plan, and provides for subsidies that may be available for their specific situation.
- Continue the monitoring of insured members claims experience to respond to changes in member situations that result in changes to insurance premiums or coverage.

### Staffing Impact:

- One permanent Principal Executive Manager E (1.00 FTE), position number 1510201
- One permanent Procurement & Contract Specialist 3 (1.00 FTE), position number 1510202
- One permanent Accountant 3 (1.00 FTE), position number 1510203

### *Retiree Health Insurance Program Actuarial and Consulting Support*

**Purpose and How Achieved:** PERS requests \$250,000 Other Funds for this program consulting and actuarial support. There are a number of areas where actuarial and consulting service may be needed. One of the audit issues involves the proper accounting for the Incurred But Not Reported (IBNR) reserve amount. The reserve has both contractual and legal implications, and Generally Accepted Accounting Principles (GAAP) require a reasonable estimate be developed for financial reporting purposes.

Changes in the healthcare legal environment at the federal (the Affordable Care Act) and the state level (the Oregon Health Insurance Exchange) will have influences on carriers in the way PHIP delivers it services. There are also uncertainties as to potential changes to Medicare laws.

All of the above issues will have impacts on both the level of healthcare service delivery to members, and the associated costs to deliver those services. Additional consulting, whether that comes from actuarial professionals, financial professionals, or healthcare professionals, may be required to make decisions that will maintain adequate funding, appropriate financial reporting, and acceptable levels of healthcare services for the insured members.



## BUDGET NARRATIVE

**Staffing Impact:** None

### Quantifying Results:

The current model of having only two staff in PHIP servicing 55,000 members and monitoring the customer service and fiscal processes of the program and contractors is inadequate. Management had raised concerns about the program and issues that were later documented in a subsequent program risk assessment. The program, like PEBB and OEBC, needs a proper mix of professional staff with health insurance expertise that can adequately monitor and facilitate the necessary contracting, customer service, accounting, and overall program management duties that are required.

This program is complicated by the intricacies of the plan hybridization, an evolving healthcare environment, the growing volume of participation, and the business processes involved with processing and funding insurance delivery.

Success can be measured by:

- Resolving all audit findings
- Creating the foundation for potential changes resulting from the full implementation of the Affirmative Care Act, and Oregon's Health Insurance Exchange
- Developing eligibility determination performance measures and procedures to deal with circumstances that delay a final determination and a resultant over- or under- payment scenarios
- Providing additional oversight and collaboration to carriers and contractors and establishing process improvements to streamline data and financial workflows
- Continued positive results from customer service surveys

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

- [SRHIA – Standard Retiree Health Insurance Account] ORS 238.410
- [RHIPA – Retiree Health Insurance Premium Account] ORS 238.415
- [RHIA – Retirement Health Insurance Account] ORS 238.420
- The majority of revenue for the program comes from member paid insurance premiums.

**2015-17 Fiscal Impact:** The anticipated impact to 2015-17 is estimated to be approximately the same amount requested for 2013-15, as this request is for permanent financing.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 102 - Retiree Health Insurance Program

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	805,913	-	-	-	805,913
<b>Total Revenues</b>	-	-	<b>\$805,913</b>	-	-	-	<b>\$805,913</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	335,976	-	-	-	335,976
Empl. Rel. Bd. Assessments	-	-	120	-	-	-	120
Public Employees' Retire Cont	-	-	64,070	-	-	-	64,070
Social Security Taxes	-	-	25,702	-	-	-	25,702
Worker's Comp. Assess. (WCD)	-	-	177	-	-	-	177
Mass Transit Tax	-	-	2,016	-	-	-	2,016
Flexible Benefits	-	-	91,584	-	-	-	91,584
Reconciliation Adjustment	-	-	1	-	-	-	1
<b>Total Personal Services</b>	-	-	<b>\$519,646</b>	-	-	-	<b>\$519,646</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	4,050	-	-	-	4,050
Office Expenses	-	-	15,000	-	-	-	15,000
Professional Services	-	-	250,000	-	-	-	250,000
Expendable Prop 250 - 5000	-	-	3,000	-	-	-	3,000
IT Expendable Property	-	-	12,000	-	-	-	12,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$284,050</b>	-	-	-	<b>\$284,050</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 165

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 102 - Retiree Health Insurance Program

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	803,696	-	-	-	803,696
<b>Total Expenditures</b>	-	-	<b>\$803,696</b>	-	-	-	<b>\$803,696</b>
<b>Ending Balance</b>							
Ending Balance	-	-	2,217	-	-	-	2,217
<b>Total Ending Balance</b>	-	-	<b>\$2,217</b>	-	-	-	<b>\$2,217</b>
<b>Total Positions</b>							
Total Positions							3
<b>Total Positions</b>	-	-	-	-	-	-	<b>3</b>
<b>Total FTE</b>							
Total FTE							3.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>3.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

Agency Request     
  Governor's Recommended     
  Legislatively Adopted

# BUDGET NARRATIVE

12/28/12 REPORT NO.: PDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY:45900 PUB EMPLOYEES RETIREMNT SYSTEM  
 SUMMARY XREF:300-00-00 Operations

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM

PAGE 4  
 PROD FILE

2013-15  
 PICS SYSTEM: BUDGET PREPARATION

PACKAGE: 102 - Retiree Health Insurance Progr

POSITION NUMBER	CLASS COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1510201	MMS X7008 AA	PRINCIPAL EXECUTIVE/MANAGER E	1	1.00	24.00	02	5,567.00		133,608 66,327			133,608 66,327
1510202	OA C0438 AA	PROCUREMENT & CONTRACT SPEC 3	1	1.00	24.00	02	4,413.00		105,912 58,926			105,912 58,926
1510203	OA C1217 AA	ACCOUNTANT 3	1	1.00	24.00	02	4,019.00		96,456 56,400			96,456 56,400
TOTAL PICS SALARY									335,976			335,976
TOTAL PICS OPE									181,653			181,653
TOTAL PICS PERSONAL SERVICES =									517.629			517,629

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page 167

## BUDGET NARRATIVE

### Package 103 Infrastructure Maintenance and Enhancement (M&E)

#### Package Description

**Purpose:** PERS requests \$1,860,000 Other Funds, to maintain and enhance foundational elements of the agency's infrastructure and information systems. There are three necessary components in this package: Data Reporting - establishing a centralized, enterprise-level data reporting function; Storage Area Network (SAN) - improving the agency's business information storage; and System Maintenance and Enhancement - maintaining and enhancing current enterprise-level applications.

#### *Data Reporting*

**Purpose and How Achieved:** PERS requests \$460,000 Other Funds for enterprise-level data reporting. This includes:

- \$50,000 for hardware
- \$150,000 for system reporting tools (software)
- \$200,000 for IT professional services, for implementation and deployment
- \$60,000 for ongoing maintenance (\$30,000 annually)

During the previous three biennia, the system conversion to the Online Retirement Information Network (ORION) has focused on defining and implementing transactional components, as well as ensuring that key integration points to other systems (e.g., Statewide Financial Management System, Office of State Treasurer, third party administrators) have been developed. While the system conversion established over 100 core business batch reports, only a basic data warehouse was established to meet limited ad hoc reporting needs since an enterprise-level ad hoc reporting component was not included in the project scope.

Due to ongoing and increased ad hoc reporting needs, and ORION system complexity which includes over 1,000 data tables in multiple databases supporting the administration of multi-tiered individual account-based and pension benefit programs, the agency seeks to address enterprise-level risks related to improper or inconsistent data reporting. This includes the achievement of six specific objectives: 1) developing and implementing a consistent enterprise-level data dictionary; 2) developing consistent programming and reporting code; 3) identifying and implementing an enterprise-level data reporting tool; 4) re-designing the current data warehouse to expand role-based data access; 5) developing and implementing standard report templates; and 6) establishing a "center of expertise" to enhance the agency's ability to consistently provide data in an accurately and timely manner.

**Staffing Impact:** None

## BUDGET NARRATIVE

### Quantifying Results:

- Utilize monthly Production Performance reports, quarterly Board reports and annual Key Performance Measures to compare past and present performance
- KPM #1, Timely Benefit Payments, milestones:
  - 80% of benefit payments paid to member within 45 days by July 2013
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2013-15 biennium
- KPM #7, Timely Benefit Estimates, milestones:
  - 95 % of benefit estimates to the member within 30 days by July 2013

### *Storage Area Network*

**Purpose and How Achieved:** PERS requests \$500,000 to replace the agency's production storage area network (SAN). This includes:

- \$200,000 for hardware
- \$125,000 for software
- \$100,000 IT professional services, for implementation and deployment
- \$75,000 for ongoing maintenance

PERS' current production SAN is over six years old, reached the end of IBM's product offering life in August of 2009, and is scheduled to reach IBM's end of product support in August of 2014. While the agency has the option of purchasing extended support beyond 2014, the current SAN is configured for maximum data storage capacity and does not provide a viable ongoing solution for mid to large businesses such as PERS that are dependent on document storage, historical data, business continuity, and disaster recovery. Replacing the current SAN with newer and scalable SAN technology will allow for any future scalability and flexibility for PERS to keep up with the rapid growth of business production data, but also provide options for future requirements such as expanded common storage within the network and extended service windows for customers.

**Staffing Impact:** None

## BUDGET NARRATIVE

### Quantifying Results:

- Utilize monthly Production Performance reports, quarterly Board reports and annual Key Performance Measures to compare past and present performance
- KPM #1, Timely Benefit Payments, milestones:
  - 80% of benefit payments paid to member within 45 days by July 2013
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2013-15 biennium
- System availability and system performance metrics

### *System Maintenance and Enhancement*

**Purpose and How Achieved:** PERS requests \$900,000 Other Funds for ORION system maintenance and enhancement. This includes:

- \$250,000 for hardware
- \$40,000 for software
- \$610,000 for IT professional services, for implementation and deployment

While PERS continues to improve productivity by integrating processes into ORION through routine maintenance and enhancement (e.g, defect identification and correction; upgrades, patches and corrections), the agency needs to maximize capability to address more complex maintenance and enhancements not covered by the base budget, including in some cases higher skill levels than available internally. The characteristics that set this work apart from ongoing maintenance and enhancement are the potential for architectural re-design, more detailed requirements definition, system design / integration considerations, longer development timeframes, data migration / conversion, and more elaborate enterprise testing.

This additional funding will allow PERS to begin addressing a target group of larger, highly complex change requests and new application components to be worked into or integrated with the ORION system platform. Examples include:

- Adding functionality to split out accounts due to divorce decrees, which was not included in the original OPSRP development specifications.
- Updating transfer plan logic for identified pools of members, to support rule changes in eligibility.
- Adding functionality to create multiple memberships in jClarety.
- Developing and deploying a module to administer the Individual Account Program (IAP), which is currently outsourced to a third party administrator.

## BUDGET NARRATIVE

**Staffing Impact:** None

**Quantifying Results:**

- Utilize monthly Production Performance reports, quarterly Board reports and annual Key Performance Measures to compare past and present performance

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

**2015-17 Fiscal Impact:** The anticipated impact to 2015-17 is estimated to be approximately \$135,000 for ongoing maintenance, and \$400,000 for capital outlay – hardware & software to complete System Maintenance and Enhancement.



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 103 - Infrastructure Maintenance & Enhancement

Cross Reference Name: Operations  
 Cross Reference Number: 45900-300-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	1,860,000	-	-	-	1,860,000
<b>Total Revenues</b>	-	-	<b>\$1,860,000</b>	-	-	-	<b>\$1,860,000</b>
<b>Services &amp; Supplies</b>							
Data Processing	-	-	135,000	-	-	-	135,000
IT Professional Services	-	-	910,000	-	-	-	910,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$1,045,000</b>	-	-	-	<b>\$1,045,000</b>
<b>Capital Outlay</b>							
Data Processing Software	-	-	315,000	-	-	-	315,000
Data Processing Hardware	-	-	500,000	-	-	-	500,000
<b>Total Capital Outlay</b>	-	-	<b>\$815,000</b>	-	-	-	<b>\$815,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	1,860,000	-	-	-	1,860,000
<b>Total Expenditures</b>	-	-	<b>\$1,860,000</b>	-	-	-	<b>\$1,860,000</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 172

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2013-15 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-300-00-00-00000

Source	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>Other Funds</b>						
Charges for Services	1,881,999	2,422,928	2,422,928	2,533,500	2,533,500	-
Interest Income	313,746	1,566,500	1,566,500	26,250	26,250	-
Other Revenues	285,339	220,500	220,500	205,000	205,000	-
Transfer In - Intrafund	75,878,952	71,749,579	71,749,579	82,646,201	82,646,201	-
Transfer Out - Intrafund	(973,988)	(1,752,391)	(1,752,391)	(764,944)	(764,944)	-
Tsfr To Governor, Office of the	(79,504)	(79,500)	(79,500)	(70,000)	(70,000)	-
<b>Total Other Funds</b>	<b>\$77,306,544</b>	<b>\$74,127,616</b>	<b>\$74,127,616</b>	<b>\$84,576,007</b>	<b>\$84,576,007</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 173

**BUDGET NARRATIVE**

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

Source	Fund	ORBITS Revenue Acct	2009-2011 Actual	2011-13 Legislatively Adopted	2011-13 Estimated	2013-15		
						Agency Request	Governor's Recommended	Legislativel y Adopted
<b>Operations</b>								
Charges for Services	Limited Other	Charges for Services	1,881,999	2,422,928	2,346,500	2,533,500	2,533,500	
Interest Earnings	Limited Other	Interest Income	313,746	1,566,500	18,800	26,250	26,250	
Other	Limited Other	Other Revenue	285,339	220,500	193,200	205,000	205,000	
Transfer to Governor, Office of	Limited Other	Transfer to Governor, Office of	(79,504)	(79,500)	(79,500)	(70,000)	(70,000)	

2013-15

**107BF07**

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page 174

2013-15

**107BF02**

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Program Unit Appropriated Fund Group and Category Summary**

**Version: Y - 01 - Governor's Budget**

**2013-15 Biennium**

**Cross Reference Number: 45900-300-00-00000**

**Operations**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>LIMITED BUDGET (Excluding Packages)</b>						
<b>PERSONAL SERVICES</b>						
Other Funds	50,562,257	56,577,463	55,827,463	57,050,423	56,815,619	-
<b>SERVICES &amp; SUPPLIES</b>						
Other Funds	25,961,774	20,505,769	20,505,769	20,505,769	20,505,769	-
<b>CAPITAL OUTLAY</b>						
Other Funds	1,360,803	927,588	927,588	927,588	927,588	-
<b>TOTAL LIMITED BUDGET (Excluding Packages)</b>						
Other Funds	77,884,834	78,010,820	77,260,820	78,483,780	78,248,976	-
<b>AUTHORIZED POSITIONS</b>	368	364	364	334	334	-
<b>AUTHORIZED FTE</b>	361.80	364.08	364.08	334.00	334.00	-
<b>LIMITED BUDGET (Essential Packages)</b>						
<b>010 NON-PICS PSNL SVC / VACANCY FACTOR</b>						
<b>PERSONAL SERVICES</b>						
Other Funds	-	-	-	46,102	45,974	-
<b>021 PHASE-IN</b>						
<b>SERVICES &amp; SUPPLIES</b>						
Other Funds	-	-	-	559,232	559,232	-
<b>022 PHASE-OUT PGM &amp; ONE-TIME COSTS</b>						
<b>PERSONAL SERVICES</b>						
Other Funds	-	-	-	(22,546)	(22,429)	-

Program Unit Appropriated Fund and Category Summary- BPR007A

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 175

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Program Unit Appropriated Fund Group and Category Summary**  
**2013-15 Biennium**  
**Operations**

**Version: Y - 01 - Governor's Budget**  
**Cross Reference Number: 45900-300-00-00-00000**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>SERVICES &amp; SUPPLIES</b>						
Other Funds	-	-	-	(1,677,490)	(1,677,490)	-
<b>CAPITAL OUTLAY</b>						
Other Funds	-	-	-	(334,000)	(334,000)	-
<b>031 STANDARD INFLATION</b>						
<b>SERVICES &amp; SUPPLIES</b>						
Other Funds	-	-	-	(852,489)	(375,724)	-
<b>CAPITAL OUTLAY</b>						
Other Funds	-	-	-	14,245	14,245	-
<b>TOTAL LIMITED BUDGET (Essential Packages)</b>						
Other Funds	-	-	-	(2,266,946)	(1,790,192)	-
<b>LIMITED BUDGET (Current Service Level)</b>						
Other Funds	77,884,834	78,010,820	77,260,820	76,216,834	76,458,784	-
<b>AUTHORIZED POSITIONS</b>	368	364	364	334	334	-
<b>AUTHORIZED FTE</b>	361.80	364.08	364.08	334.00	334.00	-
<b>LIMITED BUDGET (Policy Packages)</b>						
<b>PRIORITY 0</b>						
<b>081 MAY 2012 E-BOARD</b>						
<b>PERSONAL SERVICES</b>						
Other Funds	-	-	-	1,097,585	1,096,266	-
<b>SERVICES &amp; SUPPLIES</b>						

Program Unit Appropriated Fund and Category Summary- BPR007A

\_\_\_ Agency Request

  X   Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 176

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

Program Unit Appropriated Fund Group and Category Summary

Version: Y - 01 - Governor's Budget

2013-15 Biennium

Cross Reference Number: 45900-300-00-00000

Operations

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	-	-	-	217,925	(130,312)	-
<b>AUTHORIZED POSITIONS</b>	-	-	-	3	3	-
<b>AUTHORIZED FTE</b>	-	-	-	3.00	3.00	-
<b>091 STATEWIDE ADMINISTRATIVE SAVINGS</b>						
<b>PERSONAL SERVICES</b>						
Other Funds	-	-	-	-	(1,087,051)	-
<b>SERVICES &amp; SUPPLIES</b>						
Other Funds	-	-	-	-	(352,557)	-
<b>CAPITAL OUTLAY</b>						
Other Funds	-	-	-	-	(29,380)	-
<b>092 PERS TAXATION POLICY</b>						
<b>PERSONAL SERVICES</b>						
Other Funds	-	-	-	-	(161,673)	-
<b>093 OTHER PERS ADJUSTMENTS</b>						
<b>PERSONAL SERVICES</b>						
Other Funds	-	-	-	-	(1,291,845)	-
<b>PRIORITY 1</b>						
<b>101 CURRENT SERVICE DELIVERY LEVELS</b>						
<b>PERSONAL SERVICES</b>						
Other Funds	-	-	-	4,638,611	4,619,428	-
<b>SERVICES &amp; SUPPLIES</b>						

Program Unit Appropriated Fund and Category Summary- BPR007A

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 177

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

Program Unit Appropriated Fund Group and Category Summary

Version: Y - 01 - Governor's Budget

2013-15 Biennium

Cross Reference Number: 45900-300-00-00-00000

Operations

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	-	-	-	836,000	836,000	-
<b>AUTHORIZED POSITIONS</b>	-	-	-	30	30	-
<b>AUTHORIZED FTE</b>	-	-	-	30.00	30.00	-
<b>PRIORITY 2</b>						
<b>102 RETIREE HEALTH INSURANCE PROGRAM</b>						
<b>PERSONAL SERVICES</b>						
Other Funds	-	-	-	521,863	519,646	-
<b>SERVICES &amp; SUPPLIES</b>						
Other Funds	-	-	-	284,050	284,050	-
<b>AUTHORIZED POSITIONS</b>	-	-	-	3	3	-
<b>AUTHORIZED FTE</b>	-	-	-	3.00	3.00	-
<b>PRIORITY 3</b>						
<b>103 INFRASTRUCTURE MAINTENANCE &amp; ENHANCEMENT</b>						
<b>SERVICES &amp; SUPPLIES</b>						
Other Funds	-	-	-	1,045,000	1,045,000	-
<b>CAPITAL OUTLAY</b>						
Other Funds	-	-	-	815,000	815,000	-
<b>TOTAL LIMITED BUDGET (Policy Packages)</b>						
Other Funds	-	-	-	9,456,034	6,162,572	-
<b>AUTHORIZED POSITIONS</b>	-	-	-	36	36	-
<b>AUTHORIZED FTE</b>	-	-	-	36.00	36.00	-

Program Unit Appropriated Fund and Category Summary- BPR007A

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 178

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Program Unit Appropriated Fund Group and Category Summary**

**Version: Y - 01 - Governor's Budget**

**2013-15 Biennium**

**Cross Reference Number: 45900-300-00-00-00000**

**Operations**

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>TOTAL LIMITED BUDGET (Including Packages)</b>						
Other Funds	77,884,834	78,010,820	77,260,820	85,672,868	82,621,356	-
<b>AUTHORIZED POSITIONS</b>	368	364	364	370	370	-
<b>AUTHORIZED FTE</b>	361.80	364.08	364.08	370.00	370.00	-
<b>OPERATING BUDGET</b>						
Other Funds	77,884,834	78,010,820	77,260,820	85,672,868	82,621,356	-
<b>AUTHORIZED POSITIONS</b>	368	364	364	370	370	-
<b>AUTHORIZED FTE</b>	361.80	364.08	364.08	370.00	370.00	-
<b>TOTAL BUDGET</b>						
Other Funds	77,884,834	78,010,820	77,260,820	85,672,868	82,621,356	-
<b>AUTHORIZED POSITIONS</b>	368	364	364	370	370	-
<b>AUTHORIZED FTE</b>	361.80	364.08	364.08	370.00	370.00	-

Program Unit Appropriated Fund and Category Summary- BPR007A

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 179



## BUDGET NARRATIVE

### Debt Service

#### Overview

This program accounts for debt service payments on Certificates of Participation (COP) issued to finance the PERS headquarters building construction.

On April 4, 2012 the Department of Administrative Services (DAS) partially refunded Oregon Public Retirement System Certificate of Participation Series 2002, Series B to achieve debt savings, and 2012 Series K Article XI-Q Bonds was issued in order to refund the old debt. Under the new debt schedule, PERS is to make the principle payment of \$1,110,000 Other Funds and interest payments of \$192,850. The remaining balance is \$1.2 million as of May 2015 and will be fully paid by May 2017.

#### Base Budget Adjustments

This is a decrease of \$115,750 in Other Funds Limitation debt service. The debt service adjustment is made in accordance with budget instructions and based on established repayment schedules provided by DAS.

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2013-15 Biennium

Agency Number: 45900

Cross Reference Number: 45900-400-00-00-00000

Source	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>Other Funds</b>						
Interest Income	1,019	-	-	-	-	-
Other Revenues	635	3,000	3,000	1,000	1,000	-
Transfer In - Intrafund	1,421,805	1,415,600	1,415,600	1,301,850	1,301,850	-
Transfer Out - Intrafund	(384)	-	-	-	-	-
<b>Total Other Funds</b>	<b>\$1,423,075</b>	<b>\$1,418,600</b>	<b>\$1,418,600</b>	<b>\$1,302,850</b>	<b>\$1,302,850</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 181

## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2009-2011 Actual	2011-13 Legislatively Adopted	2011-13 Estimated	2013-15		
						Agency Request	Governor's Recommended	Legislatively Adopted
<b>Debt Service</b>								
Interest	Limited Other	Interest Income	1,019					
Other	Limited Other	Other Revenue	635	3,000	1,000	1,000	1,000	
Transfer In - Intrafund	Limited Other	Transfer In - Intrafund	1,421,805	1,415,600	1,415,600	1,301,850	1,301,850	

2013-15

**107BF07**

\_\_\_ Agency Request

X  Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 182

2013-15

**107BF02**

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

Program Unit Appropriated Fund Group and Category Summary

Version: Y - 01 - Governor's Budget

2013-15 Biennium

Cross Reference Number: 45900-400-00-00-00000

Debt Service

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>DEBT SERVICE (Excluding Packages)</b>						
DEBT SERVICE						
Other Funds	1,423,075	1,418,600	1,418,600	1,302,850	1,302,850	-
<b>TOTAL DEBT SERVICE (Excluding Packages)</b>						
Other Funds	1,423,075	1,418,600	1,418,600	1,302,850	1,302,850	-
<b>DEBT SERVICE (Current Service Level)</b>						
Other Funds	1,423,075	1,418,600	1,418,600	1,302,850	1,302,850	-
<b>TOTAL DEBT SERVICE (Including Packages)</b>						
Other Funds	1,423,075	1,418,600	1,418,600	1,302,850	1,302,850	-
<b>TOTAL BUDGET</b>						
Other Funds	1,423,075	1,418,600	1,418,600	1,302,850	1,302,850	-

Program Unit Appropriated Fund and Category Summary- BPR007A

\_\_\_ Agency Request

  X   Governor's Recommended

\_\_\_ Legislatively Adopted

Budget Page 183