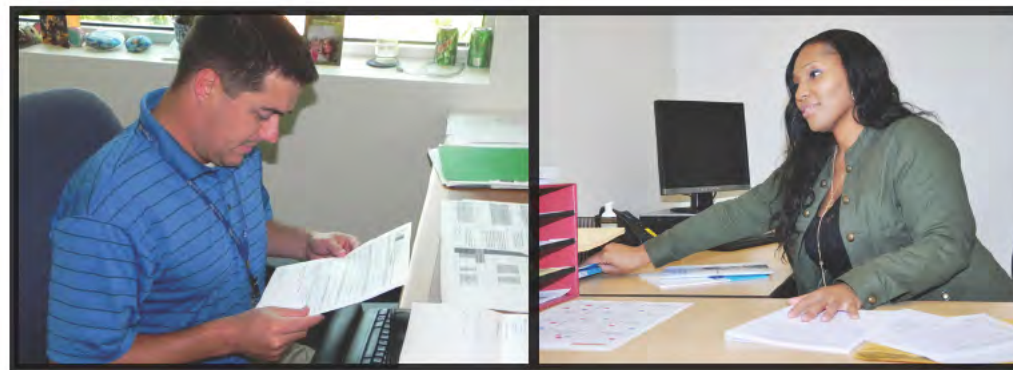


# Oregon Public Employees Retirement System 2015-2017 Governor's Budget



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



# BUDGET NARRATIVE

## INTRODUCTORY INFORMATION

Table of Contents.....	1
------------------------	---

<b>CERTIFICATION.....</b>	<b>4</b>
---------------------------	----------

<b>LEGISLATIVE ACTION.....</b>	<b>5</b>
--------------------------------	----------

2014 Budget Reports.....	5
--------------------------	---

<b>AGENCY SUMMARY.....</b>	<b>26</b>
----------------------------	-----------

Budget Summary Graphics.....	27
------------------------------	----

PERS Expenditures by Activity.....		27
------------------------------------	--	----

PERS Budget / PERF Comparison.....		29
------------------------------------	--	----

Divisional Position Totals by Biennium.....		30
---	--	----

Mission Statement and Statutory Authority.....	31
--	----

Agency Two-Year Plan.....	33
---------------------------	----

Agency Programs.....	38
----------------------	----

Tier One and Tier Two Programs.....		38
-------------------------------------	--	----

Oregon Public Service Retirement Plan (OPSRP).....		38
--	--	----

Judge Member Retirement Program.....		39
--------------------------------------	--	----

Retiree Health Insurance Programs.....		39
--	--	----

Benefit Equalization Fund (BEF).....		40
--------------------------------------	--	----

Social Security Administration (SSA).....		40
---	--	----

Deferred Compensation Program.....		40
------------------------------------	--	----

Debt Service.....		41
-------------------	--	----

Environmental Factors.....	42
----------------------------	----

Aging of PERS Membership and Participants.....		42
--	--	----

Complex and Evolving Plan Structures.....		43
---	--	----

Program Administration Complexities.....		43
--	--	----

Initiatives and Accomplishments.....	46
--------------------------------------	----

Criteria for 2015-2017 Budget Development.....	47
--	----

Major Information Technology Projects.....	49
--	----

Summary of 2013-15 Biennium Budget.....	51
---	----

Program Prioritization for 2015-17.....	91
---	----

## BUDGET NARRATIVE

10% REDUCTIONS OPTIONS (ORS 291-216) .....	97
2013-15 Organization Chart .....	107
2015-17 Organization Chart .....	108
<b>REVENUES</b> .....	<b>111</b>
Revenue Forecast Discussion .....	111
<b>PROGRAM UNITS</b> .....	<b>119</b>
Tier One and Tier Two Program Executive Summary .....	119
Oregon Public Service Retirement Pension Program Executive Summary.....	137
Individual Account Program Executive Summary .....	146
Operations Executive Summary .....	156
Package 010 Non-PICS Personal Services/Vacancy Factor .....	175
Package 021 Phase-in Programs.....	183
Package 022 Phase-out Program and One-time Costs .....	189
Package 031 Standard Inflation.....	198
Package 032 Above Standard Inflation .....	215
Package 060 Technical Adjustments.....	223
Package 090 Analyst Adjustments .....	231
Package 101 Current Service Metrics Staffing Request.....	240
Package 102 Fully Integrating IAP Administration into the PERS ORION System (Phase III) .....	256
Package 103 Enhanced Staffing for the Data Verification Unit.....	265
Package 104 Technology Maintenance and Enhancements (M&E) .....	272
Package 105 Disaster Recovery Infrastructure Upgrades .....	279
Debt Service .....	287
<b>FACILITIES MAINTENANCE AND MANAGEMENT</b> .....	<b>290</b>
Facilities Maintenance Discussion.....	290
Facilities Maintenance Summary Report.....	291
Facilities Operations and Maintenance Report .....	292
Facilities Deferred Maintenance Detail Report .....	293
<b>SPECIAL REPORTS</b> .....	<b>294</b>
Information Technology-Related Projects.....	294
Technology Maintenance & Enhancements .....	295
Disaster Recovery Infrastructure Upgrades.....	300

## BUDGET NARRATIVE

Fully Integrating IAP Administration into the PERS ORION System Phase III .....	306
Annual Performance Progress Report (APPR) .....	312
Audit Response Report .....	333
Affirmative Action Report .....	336
ORBITS and PICS Reports.....	348

# BUDGET NARRATIVE

## CERTIFICATION

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the accuracy of all numerical information has been verified.

Oregon Public Employees Retirement System

\_\_\_\_\_  
**AGENCY NAME**

11410 SW 68<sup>th</sup> Parkway, Tigard, Oregon 97223

\_\_\_\_\_  
**AGENCY ADDRESS**



\_\_\_\_\_  
**SIGNATURE**

Executive Director

\_\_\_\_\_  
**TITLE**

Notice: Requests of those agencies headed by a board or commission must be approved by those bodies of official action and signed by the board or commission chairperson. The requests of other agencies must be approved and signed by the agency director or administrator.

\_\_\_\_ Agency Request

X  Governor's

\_\_\_\_ Legislatively Adopted

Budget Page 4

# BUDGET NARRATIVE

## Legislative Action

### 2014 Budget Reports

77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY

MEASURE: HB 5008-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Buckley  
Carrier – Senate: Sen. Devlin

---

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 22 – 2 – 2

House

Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, Nathanson, Read, Smith, Tomei, Williamson

Nays: Freeman, Hanna

Exc: McLane, Richardson

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Linda Ames, Legislative Fiscal Office

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: July 8, 2013

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Agency

Emergency Board

Various Agencies

Biennium

2013-15

2011-13

HB 5008-A  
Page 1 of 34

\_\_\_ Agency Request

X Governor's

\_\_\_ Legislatively Adopted

Budget Page 5

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2015-17

107BF02

# BUDGET NARRATIVE

PERS related Items:

## Adjustments to Approved 2013-15 Budgets

### **OMNIBUS ADJUSTMENTS**

Omnibus adjustments reflect budget changes in multiple agencies based on reductions in Department of Administrative Services' assessments and charges for services, a reduction to the Attorney General rates, an increase resulting from a new Secretary of State Archives assessment, and debt service adjustments. Also included is a 5% reduction to services and supplies (excluding the fixed costs of State Government Service Charges, Attorney General charges, rent, and fuel and utilities) that is applied to General Fund and certain Lottery Funds only. Total savings are \$36.5 million General Fund, \$1.7 million Lottery Funds, \$5.7 million Other Funds, and \$1.6 million Federal Funds.

Omnibus adjustments also include a 2% supplemental ending balance holdback that is applied primarily to General Fund, and excludes debt service as well as selected programs. This reduction may be restored during the 2014 legislative session depending on statewide economic conditions. Agency detail for this adjustment is shown in Attachment A. Total budget reductions include \$154.9 million General Fund and \$1.4 million Lottery Funds.

Another statewide adjustment, which is included in agency budget bills and not in House Bill 5008, affects most state agencies. Package 091 (Statewide Administrative Savings) is a placeholder for administrative efficiencies and associated budget reductions in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Subcommittee affirmed that the reductions, at \$62.0 million total funds, are permanent and ongoing as they reflect fundamental changes in business processes. The Department of Administrative Services (DAS) will continue to work on details of these reductions with agencies and report to the Joint Committee on Ways and Means during the 2014 session. Agencies should direct concerns regarding permanency or implementation of the reductions to DAS. The Department will include a plan for resolving any issues related to these reductions as part of its 2014 report.

# BUDGET NARRATIVE

77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2014 Session  
BUDGET REPORT AND MEASURE SUMMARY

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: HB 5201-A

Carrier – House: Rep. Buckley

Carrier – Senate: Sen. Devlin

---

**Action:** Do Pass as Amended and be Printed A-Engrossed

**Vote:**

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

**Prepared By:** Linda Ames and Laurie Byerly, Legislative Fiscal Office

**Reviewed By:** Daron Hill, Legislative Fiscal Office

**Meeting Date:** March 6, 2014

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Agency

Various Agencies

Emergency Board

Biennium

2013-15

HB 5201-A  
Page 1 of 65

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page  7

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2015-17

**107BF02**



## BUDGET NARRATIVE

			<u>SS Change</u>	<u>% Change</u>
<b><u>Emergency Board</u></b>				
General Fund - General Purpose	\$ 30,000,000	\$ 30,000,000	\$ -	0.0%
General Fund - Special Purpose Appropriations				
State employee compensation changes	\$ 86,500,000	\$ -	\$ (86,500,000)	-100.0%
Home health care worker compensation	\$ 12,900,000	\$ -	\$ (12,900,000)	-100.0%
Department of Education - student assessments	\$ 4,600,000	\$ -	\$ (4,600,000)	-100.0%
Department of Education - youth development	\$ 1,789,557	\$ -	\$ (1,789,557)	-100.0%
Housing & Community Services - various	\$ 9,215,066	\$ -	\$ (9,215,066)	-100.0%
Oregon Health Authority - A&D rate increases	\$ 3,300,000	\$ -	\$ (3,300,000)	-100.0%
Oregon Health Authority - dental pilots	\$ 100,000	\$ -	\$ (100,000)	-100.0%
Seniors	\$ 26,000,000	\$ 12,704,627	\$ (13,295,373)	-51.1%
Oregon Health Authority/Department of Human Services - future costs	\$ -	\$ 24,000,000	\$ 24,000,000	0.0%
Oregon University System/Higher Ed Coordinating Commission - future costs	\$ -	\$ 3,500,000	\$ 3,500,000	0.0%
Judicial Department - operations	\$ -	\$ 1,300,000	\$ 1,300,000	0.0%
Judicial Department - debt collection costs	\$ -	\$ 700,000	\$ 700,000	0.0%
 <b><u>ADMINISTRATION PROGRAM AREA</u></b>				
<b><u>Department of Administrative Services</u></b>				
General Fund	\$ 11,148,091	\$ 11,914,443	\$ 766,352	6.9%
Other Funds	\$ 877,567,512	\$ 907,312,584	\$ 29,745,072	3.4%
<b><u>Oregon Advocacy Commissions Office</u></b>				
General Fund	\$ 399,995	\$ 425,525	\$ 25,530	6.4%
<b><u>Employment Relations Board</u></b>				
General Fund	\$ 1,894,849	\$ 2,061,040	\$ 166,191	8.8%
Other Funds	\$ 1,901,273	\$ 2,140,264	\$ 238,991	12.6%
<b><u>Government Ethics Commission</u></b>				
Other Funds	\$ 1,935,994	\$ 1,976,802	\$ 40,808	2.1%
<b><u>Office of the Governor</u></b>				
General Fund	\$ 10,007,383	\$ 11,401,846	\$ 1,394,463	13.9%
Lottery Funds	\$ 3,261,204	\$ 3,376,215	\$ 115,011	3.5%
Other Funds	\$ 2,809,734	\$ 2,910,655	\$ 100,921	3.6%

HB 5201-A  
Page 2 of 65

\_\_\_\_ Agency Request

X  Governor's

\_\_\_\_ Legislatively Adopted

Budget Page  8

## BUDGET NARRATIVE

	2013-15 Legislatively Approved Level <sup>(2)</sup>	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			\$\$ Change	% Change
<b><u>Oregon State Library</u></b>				
General Fund	\$ 1,591,908	\$ 1,629,976	\$ 38,068	2.4%
Other Funds	\$ 2,774,285	\$ 2,810,561	\$ 36,276	1.3%
Federal Funds	\$ 2,463,398	\$ 2,478,210	\$ 14,812	0.6%
<b><u>Oregon Liquor Control Commission</u></b>				
Other Funds	\$ 150,626,250	\$ 151,875,699	\$ 1,249,449	0.8%
<b><u>Public Employees Retirement System</u></b>				
Other Funds	\$ 84,002,344	\$ 88,153,980	\$ 4,151,636	4.9%
<b><u>Racing Commission</u></b>				
Other Funds	\$ 5,821,294	\$ 5,905,502	\$ 84,208	1.4%
<b><u>Department of Revenue</u></b>				
General Fund	\$ 165,191,130	\$ 166,641,759	\$ 1,450,629	0.9%
Other Funds	\$ 65,256,876	\$ 64,202,113	\$ (1,054,763)	-1.6%
<b><u>Secretary of State</u></b>				
General Fund	\$ 8,476,735	\$ 8,663,845	\$ 187,110	2.2%
Other Funds	\$ 48,895,140	\$ 50,265,885	\$ 1,370,745	2.8%
Federal Funds	\$ 7,710,474	\$ 5,045,103	\$ (2,665,371)	-34.6%
<b><u>Treasurer of State</u></b>				
Other Funds	\$ 45,149,748	\$ 46,683,387	\$ 1,533,639	3.4%

# BUDGET NARRATIVE

## Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the February 2014 economic and revenue forecast by the Department of Administrative Services Office of Economic Analysis, supplemented by one-time savings identified in several agencies, as well as a transfer from Secretary of State's Corporate Division as authorized in House Bill 4157.

## Summary of Capital Construction Subcommittee Action

House Bill 5201 is the omnibus budget reconciliation bill for the 2014 legislative session, implementing the statewide rebalance plan that addresses changes in projected revenues and expenditures since the close of the 2013 session. The Subcommittee approved House Bill 5201 with amendments to reflect budget adjustments as described below.

## Statewide Adjustments

### **EMPLOYEE COMPENSATION DISTRIBUTION**

The Subcommittee approved allocating \$86.5 million General Fund to state agencies for employee compensation. This amount is 100% of the General Fund special purpose appropriation to the Emergency Board, made by House Bill 5008 (2013) for employee compensation. Also approved were associated expenditure limitation increases of \$2.6 million Lottery Funds, \$84.7 million Other Funds, and \$44.2 million Federal Funds. The General Fund component is expected to cover about 90% of the statewide estimate of costs for compensation and benefit changes agreed to through collective bargaining or other salary agreements. Lottery Funds, Other Funds, and Federal Funds expenditure limitations are calculated at the full cost estimate level.

Section 105 of the budget bill reflects the employee compensation amounts approved for each agency; adjustments for agencies are not addressed in the agency narratives, although they are included in the table at the beginning of the budget report.

### **2% HOLDBACK**

House Bill 5008 (2013) included a 2% supplemental ending balance holdback that was primarily applied to General Fund, and excluded debt service as well as selected programs. Agencies' 2013-15 legislatively adopted budgets were reduced by these amounts. With the current statewide economic conditions and revenue forecast, these budget reductions are being partially restored. Generally, 25% of the holdback is being restored to each affected agency, although there are a number of exceptions. Restorations include a total of \$68.3 million General Fund and \$0.3 million Lottery Funds. Section 104 of the budget bill reflects the restoration amounts for each agency. More detail is available in the narrative for each affected agency; agencies without General Fund or Lottery Funds in their budgets were not affected.

### **PACKAGE 091**

Package 091 Statewide Administrative Savings is another 2013-15 adjustment affecting most agency budgets and captured in agency budget bills. The 2013 Legislature approved this package of \$62.0 million total funds in permanent reductions as a placeholder for administrative efficiencies.

HB 5201-A  
Page 16 of 65

\_\_\_ Agency Request

X Governor's

\_\_\_ Legislatively Adopted

Budget Page 10

## BUDGET NARRATIVE

where applicable, will also identify position count and full-time equivalent (FTE) decreases.

HB 5201-A  
Page 17 of 65

Agency Request  
2015-17

Governor's

Legislatively Adopted

Budget Page 11

**107BF02**

# BUDGET NARRATIVE

PERS related Items:

## Adjustments to Agency Budgets

### ADMINISTRATION

#### Public Employees Retirement System

The Subcommittee approved an updated Package 091 Statewide Administrative Savings. The agency was able to reduce its personal services by only \$45,651 due a reduction in temporary employees and overtime. The remaining personal services reduction of \$1,041,400 was moved to services and supplies. The reduction to services and supplies now totals \$1,393,957 and will come from savings to employee training, office expense, data processing, and professional services. The capital outlay reduction of \$29,380 reduced the budget for data processing hardware.

The Subcommittee increased the Other Funds expenditure limitation for the Operations program by \$1,022,945 for the implementation of Senate Bill 861, which was passed by the Legislature during the 2013 special session. This includes four limited duration Retirement Counselor I positions (3.33 FTE). Personal services total \$392,428 and services and supplies total \$630,517.

The four limited duration positions were established administratively on November 1, 2013; therefore, the agency does not require position or FTE authority, but does require the associated expenditure limitation. The revenue to fund these expenses is from a transfer from the Oregon Public Employees Retirement Fund from current year earnings. The Other Funds expenditure limitation was approved only as a one-time increase and does not carry forward into the 2015-17 biennium.

Other Funds expenditure limitation was increased for the Operations program by \$718,750 in services and supplies for phase two of a three phase project to move the administration of the Individual Account Program from a third-party administrator to the agency. The Other Funds expenditure limitation was approved only as a one-time increase and is not carried forward into the 2015-17 biennium.

The Subcommittee requests that the Department of Administrative Services unschedule the entire amount of the Individual Account Program expenditure limitation, pending a Department of Administrative Services – Chief Information Office review and recommendation to approve the project being submitted to the Legislative Fiscal Office for its review and recommended approval.

# BUDGET NARRATIVE

77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY

MEASURE: SB 822-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Buckley

Carrier – Senate: Sen. Devlin

---

**Action:** Do Pass as Amended and as Printed A-Engrossed

**Vote:** 14 – 11 – 1

House

Yeas: Barker, Buckley, Frederick, Komp, Nathanson, Read, Tomei, Williamson

Nays: Freeman, Huffman, Jenson, McLane, Richardson, Smith

Exc: Hanna

Senate

Yeas: Bates, Devlin, Edwards, Johnson, Monroe, Steiner Hayward

Nays: Girod, Hansell, Thomsen, Whitsett, Winters

Exc:

**Prepared By:** John Borden, Legislative Fiscal Office

**Reviewed By:** Daron Hill, Legislative Fiscal Office

**Meeting Date:** April 5, 2013

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Agency

Public Employees Retirement System

Biennium

2013-15

SB 822-A  
Page 1 of 5

Agency Request

Governor's

Legislatively Adopted

Budget Page 13

## BUDGET NARRATIVE

### Budget Summary\*

	2011-13 Legislatively Approved Budget <sup>(1)</sup>	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
Other Funds	\$ 0	\$ 0	\$ 1,008,151	\$ 0	
Total	\$ 0	\$ 0	\$ 1,008,151	\$ 0	

### Position Summary

Authorized Positions	0	0	2	00
Full-time Equivalent (FTE) positions	00.00	0.00	1.50	00.00

(1) Includes adjustments through December 2012.

\* Excludes Capital Construction expenditures

### Summary of Revenue Changes

Revenue sources for the Public Employees Retirement System (PERS) are investment earnings, employer contributions, member contributions, and fees. Under this measure, and the associated budget note, employer contributions would decline by an estimated \$810 million system wide for the 2013-15 biennium.

The PERS operating budget is funded primarily by revenue transfers from the retirement programs. This measure would increase the revenue transfer by \$1.01 million.

### Summary of Capital Construction Subcommittee Action

The measure modifies cost-of-living adjustment and supplementary tax remedy payments for non-Oregon residents under Public Employees Retirement System (PERS) and directs the PERS Board to recalculate employer contribution rates for the 2013-15 biennium. The measure has an emergency clause and is effective on passage.

The measure contains three primary provisions impacting the three primary benefit programs, which include Tier 1, Tier 2, and Oregon Public Service Retirement Plan. The Individual Account Program is not impacted by the measure. The measure reduces benefit payments for current and future retirees. Additional employer rate(s) reductions would be achieved by an administrative action of the PERS Board.

SB 822-A  
Page 2 of 5

\_\_\_\_ Agency Request

X  Governor's

\_\_\_\_ Legislatively Adopted

Budget Page 14

## BUDGET NARRATIVE

The measure modifies the cost-of-living adjustment (COLA) under the Public Employees Retirement System. In the first year of the 2013-15 biennium, the COLA rate limitation will drop from 2% to 1.5% for all retirees. Thereafter, the COLA rate will be based on a graduated (decreasing) COLA based on the level of a retiree's benefit plus a fixed payment at various benefit levels above \$20,000, as summarized in the following table:

Annual Benefit Amount	Cost-of-Living Adjustment (beginning July 1, 2014)
First \$20,000	2.00%
\$20,000 to \$40,000	1.50%
\$40,000 to \$60,000	1.00%
\$60,000 or more	0.25%

The measure eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. Benefit reductions will occur for approximately 15% of current and future PERS members, according to PERS estimates (18,000 retirees and beneficiaries). This provision of the measure is effective on passage; however, this fiscal impact assumes an implementation date of July 1, 2013. PERS assumes full implementation after January 1, 2014.

The measure directs the PERS Board to recalculate all employer contribution rates, which is assumed to include 2013-15 rates effective for July 1, 2013. Employer contribution rates are set by the five-member PERS Board and are calculated as a percentage of an employer's PERS covered payroll. A recalculation of 2013-15 employer rates is necessary as those rates were previously established by the Board in October of 2012 as part of the Board's regular rate setting schedule.

The actuarial analysis of the measure commissioned by PERS estimates that system wide accrued liabilities will be reduced by \$2.6 billion resulting in a reduction to 2013-15 employer contribution rates by 2.5%. PERS estimates that the measure will generate system wide savings of \$460 million for the 2013-15 biennium, which is 2.5% of the estimated \$18.4 billion in system wide payroll costs for the biennium. A similar percentage of payroll is expected to be saved in future biennia.

With assets of \$50.2 billion (including employer side accounts) and liabilities of \$61.2 billion, PERS had approximately \$11 billion in unfunded liabilities (82% funded) as of December 31, 2011. The unfunded liability has since been reduced by approximately \$2.2 billion due to 2012 investment earnings. This measure is estimated to reduce the actuarial unfunded liability by an additional \$2.6 billion.

The Subcommittee approved a budget note directing the PERS Board to undertake the following administrative action:

**Budget Note:**

Section 18 of SB 822 directs the Public Employees Retirement System (PERS) Board to "recalculate the contribution rates of all employers, pursuant to ORS 238.225, to reflect the provisions of this 2013 Act." In addition to any employer rate increase that would be

SB 822-A  
Page 3 of 5



## BUDGET NARRATIVE

deferred in the 2013-15 biennium under the PERS Board's October 2012 rate smoothing methodology, the Legislature directs the PERS Board to undertake additional administrative actions to further reduce each PERS employer's rate by up to 1.9% of covered payroll to mitigate rate increases for the 2013-15 biennium, to the extent such administrative actions conform to sound accounting and actuarial practices, as determined by the PERS Board in consultation with the system's actuaries.

PERS is directed to report to the Joint Committee on Ways and Means during the 2014 session on the administrative actions undertaken by the PERS Board and an estimate of the amount of system wide savings resulting from the actions.

The PERS Board administrative actions are estimated to produce \$350 million in one-time savings for the 2013-15 biennium.

On a system wide basis, 2013-15 employer net rates were scheduled to increase from 10.8% to 15.7% or an increase of 4.9% of covered payroll. The combined savings from this measure and the PERS Board's administrative actions would reduce that increase by up to 4.4% and produce an estimated \$810 million in system wide savings for state agencies, universities, judges, school districts, and participating cities, counties, and special districts.

State agency General Fund savings are estimated to be \$78.6 million, \$2.0 million Lottery Fund, \$71.9 million Other Funds, and \$31.1 million Federal Funds. The state General Fund savings for local school districts and community colleges is estimated to be \$195.9 million and \$8.7 million, respectively.

The Subcommittee approved \$1.01 million Other Funds expenditure limitation to implement the measure. This includes the establishment of one Limited Duration Program Analyst position (1.00 FTE) and one Limited Duration Retirement Councilor 1 position (0.50 FTE)(\$207,362); temporary employees (\$145,468); overtime (\$82,188); information technology service consulting (\$425,000); actuarial services (\$100,000); and other services and supplies expenses (\$48,133). The revenue source is from a transfer from the Oregon Public Employees Retirement Fund. Expenditure limitation for other potential agency expenses would need to be requested from either the Emergency Board or the Legislature, if needed.

The Oregon Judicial Department may have costs beyond what is currently budgeted for the appointment of a Special Master, if an expedited judicial review is sought. The Department of Revenue is expected to have a minimal fiscal impact. There is no fiscal impact to the Department of Justice.

# BUDGET NARRATIVE

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION								SB 822 A	
Oreogn Public Employees Retirement System John Borden, Legislative Fiscal Office (503.986.1842)									
DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SB 822-A									
Personal Services	\$ -	\$ -	\$ 435,018	\$ -	\$ -	\$ -	\$ 435,018	2	1.50
Services and Supplies	\$ -	\$ -	\$ 573,133	\$ -	\$ -	\$ -	\$ 573,133	0	0.00
<b>TOTAL ADJUSTMENTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,008,151</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,008,151</b>	<b>2</b>	<b>1.50</b>

# BUDGET NARRATIVE

77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY

MEASURE: SB 5537-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Gomberg  
Carrier – Senate: Sen. Whitsett

---

**Action:** Do Pass as Amended and as Printed A-Engrossed

**Vote:** 26 – 0 – 0

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

**Prepared By:** Jim Carbone, Department of Administrative Services

**Reviewed By:** John Borden, Legislative Fiscal Office

**Meeting Date:** June 6, 2013

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Agency

Public Employees Retirement System

Biennium

2013-15

# BUDGET NARRATIVE

## Budget Summary\*

	2011-13 Legislatively Approved Budget <sup>(1)</sup>	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
Other Funds	\$ 79,332,230	\$ 76,458,784	\$ 81,571,322	\$ 2,239,092	2.8%
Other Funds Debt Service	\$ 1,418,600	\$ 1,302,850	\$ 1,302,850	\$ -115,750	-8.2%
Other Funds Nonlimited	\$ 7,434,035,699	\$ 9,277,875,000	\$ 9,277,875,000	\$ 1,843,839,301	24.8%
Other Funds Debt Service Nonlimited	\$ 3,140,326	\$ 0	\$ 0	\$ -3,140,326	-100.0%
<b>Total</b>	<b>\$ 7,517,926,855</b>	<b>\$ 9,355,636,634</b>	<b>\$ 9,360,749,172</b>	<b>\$ 1,842,822,317</b>	<b>24.5%</b>

## Position Summary

Authorized Positions	367	334	367	0
Full-time Equivalent (FTE) positions	365.70	334.00	365.73	0.03

(1) Includes adjustments through December 2012.

\* Excludes Capital Construction expenditures

## Summary of Revenue Changes

Revenue sources for the agency include investment earnings, contributions and fees from participating employers and public employees.

## Summary of General Government Subcommittee Action

The Public Employee Retirement System agency administers seven programs that provide retirement services for about 900 organizations that, collectively, employ approximately 95 percent of all public school district, state and local government employees in Oregon.

The Subcommittee approved the 2013-15 operations budget of \$81,571,322 Other Funds. In addition, the budget includes \$1,302,850 Other Funds for debt service and \$9,277,875,000 Non-limited Other Funds for benefit payments. The agency's budget is organized into four units:

### **Tier One and Tier Two Plan**

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. Expenditures reflect the retirement payments made to retirees and beneficiaries in these programs. As of January 1, 2004, all member contributions have been directed to the Individual Account Program (IAP). The Tier One and Two programs were closed to new members on August 29, 2003. This program unit is made up entirely of Other Funds, Non-limited expenditures totaling \$8,540,861,000.

# BUDGET NARRATIVE

## Budget Note:

The Public Employees Retirement System (PERS) is directed to report to the Legislative Fiscal Office (LFO) on the Board's implementation of legislation and administrative actions related to 2013-15 employer contribution rates. PERS is to provide LFO with final employer contribution rates for the 2013-15 biennium and with an updated estimate of the amount of system wide savings generated by major employer group (state agencies and university system, school districts, and local governments). PERS is to report quarterly to LFO on retirement applications by major employer group, including inactive member retirements, retirement plan, and benefit calculation methodology. PERS is to provide LFO with an annual report on actual retirement activity, including inactive members, for calendar years 2012, 2013, and 2014.

In addition, the Public Employees Retirement System is directed to work with the Department of Administrative Services and the Legislative Fiscal Office to conduct a review of the agency's Oregon Budget Information Tracking System (ORBITS) budget structure and to incorporate any recommended changes for the 2015-17 budget cycle.

## **Oregon Public Service Retirement Plan**

The 2003 Legislature created the Oregon Public Service Retirement Plan (OPSRP). It is a hybrid retirement program with two components: the Pension Program and the Individual Account Program (IAP). Employers participating in PERS as of August 28, 2003, must participate in OPSRP. This program unit is made up entirely of Other Funds, Non-limited expenditures totaling \$737,014,000.

## **Operations**

The Operations Unit comprises the budget for all administrative activity within the agency. PERS Operations has five divisions: Central Administration, Benefit Payments Division, Fiscal Services Division, Information Services Division, and Customer Services Division. The Subcommittee approved a limited Other Funds budget for this unit totaling \$81,571,322 (367 positions/365.73 FTE). It includes the following adjustments to the current services level:

Package 081, May 2012 E-Board, adds three limited duration positions (3.00 FTE) and \$965,954 Other Funds expenditure limitation. This package continues the limited duration positions that were authorized during the May, 2012 meeting of the Emergency Board. These positions are involved in recovering overpaid benefits in conformance with the Oregon Supreme Court decisions in the *Strunk* and the *City of Eugene* cases. The package also makes permanent budget reductions related to a portion (\$401,763) of the Senate Bill 5701 government restructuring that was initiated in 2012. Package 811 also addresses Senate Bill 5701 changes.

Package 091, Statewide Administrative Savings, eliminates \$1,468,988 Other Funds expenditure limitation. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

## BUDGET NARRATIVE

Package 092, PERS Taxation Policy, eliminates \$161,673 Other Funds expenditure limitation. This package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.

Package 093, Other PERS Adjustments, eliminates \$1,291,845 Other Funds expenditure limitation. This package reflects the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 101, Current Service Delivery Levels, authorizes 30 positions (29.64 FTE) and \$5,431,929 Other Funds expenditure limitation. This package has four components: (a) the package moves 27 previously classified limited duration positions to permanent full-time status; (b) adds two new permanent full-time positions to enhance work on reconciling data issues on primarily retiree and non-active member accounts; (c) adds one new permanent full-time position to focus on enterprise-wide data consistency, reporting and performance measurement; and (d) adds actuarial (\$385,000) and auditing contract services (\$250,000). Note that the Operations and Policy Analyst 2 position that was originally requested in this package is changed to a Research Analyst 4 classification. The 0.36 FTE reduction in this recommendation accounts for the time that three of the positions will be vacant prior to being hired.

Package 102, Retiree Health Insurance, adds three permanent, full-time positions (2.84 FTE) and \$760,879 Other Funds expenditure limitation. This package (a) increases the management and financial oversight of the Retiree Health Insurance Program; and (b) adds consulting and actuarial contract services for the program. The positions include a Principle Executive Manager D, a Procurement and Contract Specialist 3, and an Accountant 3. This package is funded by revenue transfers from retirement programs. The 0.16 FTE reduction in this recommendation accounts for the time that two of the positions will be vacant prior to being hired.

### **Budget Note:**

PERS is directed to review the healthcare insurance marketplace and report back to the Joint Committee on Ways and Means during the 2015 session on whether the pre-Medicare population within the PERS Health Insurance Program should be combined with other groups in acquiring healthcare coverage under the Cover Oregon plans and whether the Affordable Care Act or Cover Oregon could provide coverage for the Medicare Plan policy holders under the PERS Health Insurance Program.

Package 103, Infrastructure Maintenance and Enhancement, adds \$1,260,000 Other Funds expenditure limitation. This package has three information technology components related to the agency's Oregon Retirement Information On-line Network (ORION): (a) enterprise-level data reporting (\$460,000); (b) replacement of the agency's production storage area network (\$500,000); and (c) system development to add functionality for select services and for the development and deployment of a module to administer the Individual Account Program, which is currently outsourced by a third party administrator (\$300,000).

## BUDGET NARRATIVE

This package is a one-time expenditure and is to be phased-out of the agency's 2015-17 budget.

PERS is directed to submit to the Joint Committee on Ways and Means during the Legislative session in 2014 a fully developed business case for bringing the administration of the Individual Account Program in-house.

Package 811, Compliance Plan for Senate Bill 5701 (2012), reflects the final restructuring changes that were initiated by the Emergency Board in May of 2012. The package reduces Other Funds expenditure limitation by \$383,718 and eliminates three positions (3.75 FTE): two Data Entry Operators and one Information support Specialist 6. It also phases out one Policy Analyst 2 on January 1, 2014.

### **Debt Service**

The Debt Service budget unit accounts for debt service payments on 2012 Series K Article XI-Q Bond that replaced the Certificates of Participation (COPs) that were previously issued to finance the PERS headquarters building construction. This debt will be fully paid by May 2017. The Subcommittee approved an Other Funds expenditure limitation of \$1,302,850 for this budget unit.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

# BUDGET NARRATIVE

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5537-A

Public Employees Retirement System  
Jim Carbone - 503-378-3619

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 80,750,830	\$ 7,437,176,025	\$ 0	\$ 0	\$ 7,517,926,855	367	365.70
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 77,761,634	\$ 9,277,875,000	\$ 0	\$ 0	\$ 9,355,636,634	334	334.00
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 300 - Operations</b>									
Package 081: May 2012 E-Board									
Personal Services	\$ 0	\$ 0	\$ 1,096,266	\$ 0	\$ 0	\$ 0	\$ 1,096,266	3	3.00
Services & Supplies	\$ 0	\$ 0	\$ (130,312)	\$ 0	\$ 0	\$ 0	\$ (130,312)		
Package 091: Administrative Savings									
Personal Services	\$ 0	\$ 0	\$ (1,087,051)	\$ 0	\$ 0	\$ 0	\$ (1,087,051)	0	0.00
Services & Supplies	\$ 0	\$ 0	\$ (352,557)	\$ 0	\$ 0	\$ 0	\$ (352,557)		
Capital Outlay	\$ 0	\$ 0	\$ (29,380)	\$ 0	\$ 0	\$ 0	\$ (29,380)		
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (161,673)	\$ 0	\$ 0	\$ 0	\$ (161,673)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (1,291,845)	\$ 0	\$ 0	\$ 0	\$ (1,291,845)	0	0.00
Package 101: CSL Delivery Levels									
Personal Services	\$ 0	\$ 0	\$ 4,595,929	\$ 0	\$ 0	\$ 0	\$ 4,595,929	30	29.64
Services & Supplies	\$ 0	\$ 0	\$ 836,000	\$ 0	\$ 0	\$ 0	\$ 836,000		
Package 102: Retiree Health Insurance									
Personal Services	\$ 0	\$ 0	\$ 476,829	\$ 0	\$ 0	\$ 0	\$ 476,829	3	2.84
Services & Supplies	\$ 0	\$ 0	\$ 284,050	\$ 0	\$ 0	\$ 0	\$ 284,050		
Package 103: Infrastructure Maintenance/Enhance									
Services & Supplies	\$ 0	\$ 0	\$ 585,000	\$ 0	\$ 0	\$ 0	\$ 585,000	0	0.00
Capital Outlay	\$ 0	\$ 0	\$ 675,000	\$ 0	\$ 0	\$ 0	\$ 675,000		
Package 811: Compliance Plan for SB 5701 (2012)									
Personal Services	\$ 0	\$ 0	\$ (383,718)	\$ 0	\$ 0	\$ 0	\$ (383,718)	-3	-3.75
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,112,538</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,112,538</b>	<b>33</b>	<b>31.73</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 82,874,172</b>	<b>\$ 9,277,875,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,360,749,172</b>	<b>367</b>	<b>365.73</b>
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	2.6%	24.7%	0.0%	0.0%	24.5%	0.0%	0.0%
% Change from 2013-15 Current Service Level	0.0%	0.0%	6.6%	0.0%	0.0%	0.0%	0.1%	9.9%	9.5%



# BUDGET NARRATIVE

## Legislatively Approved 2013-2015 Key Performance Measures

Agency: **PUBLIC EMPLOYEES RETIREMENT SYSTEM, OREGON**

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

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - TIMELY RETIREMENT PAYMENTS: Percent of initial service retirements paid within 45 days from retirement date.		Approved KPM	33.00	80.00	80.00
2 - TOTAL BENEFIT ADMIN COSTS: Total benefit administration costs per member.		Approved KPM	125.00	135.00	135.00
3 - MEMBER TO STAFF RATIO: Ratio of members to FTE staff.		Approved KPM	970.00	975.00	985.00
4 - ACCURATE BENEFIT CALCULATIONS: Percent of service retirement monthly benefits accurately calculated to within \$5 per month.		Approved KPM	99.00	100.00	100.00
5 - LEVEL OF PARTICIPATION: Percent of state employees participating in the deferred compensation program.		Approved KPM	37.00	38.00	38.00
6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	88.00	95.00	95.00
6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	89.00	95.00	95.00
6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	91.00	95.00	95.00
6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	90.00	95.00	95.00

Print Date: 6/5/2013

Page 1 of 2

\_\_\_ Agency Request

X Governor's

\_\_\_ Legislatively Adopted

Budget Page 24

# BUDGET NARRATIVE

**Agency: PUBLIC EMPLOYEES RETIREMENT SYSTEM, OREGON**

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

Legislatively Proposed KPMS	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	91.00	95.00	95.00
6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	89.00	95.00	95.00
7 - TIMELY BENEFIT ESTIMATES: Percent of benefit estimates processed within 30 days.		Approved KPM	40.00	95.00	95.00
8 - BOARD OF DIRECTORS BEST PRACTICES: Percent of total best practices criteria met by the PERS board.		Approved KPM	100.00	100.00	100.00

**LFO Recommendation:**

The Legislative Fiscal Office recommends approval of the proposed Key Performance Measures and targets with direction that the agency will work with the Department of Administrative Service and the Legislative Fiscal Office to conduct a review of existing KPMS and targets.

**Sub-Committee Action:**

The General Government Subcommittee adopted the Legislative Fiscal Office recommendation.

Print Date: 6/5/2013

Page 2 of 2

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 25

## BUDGET NARRATIVE

### Public Employees Retirement System

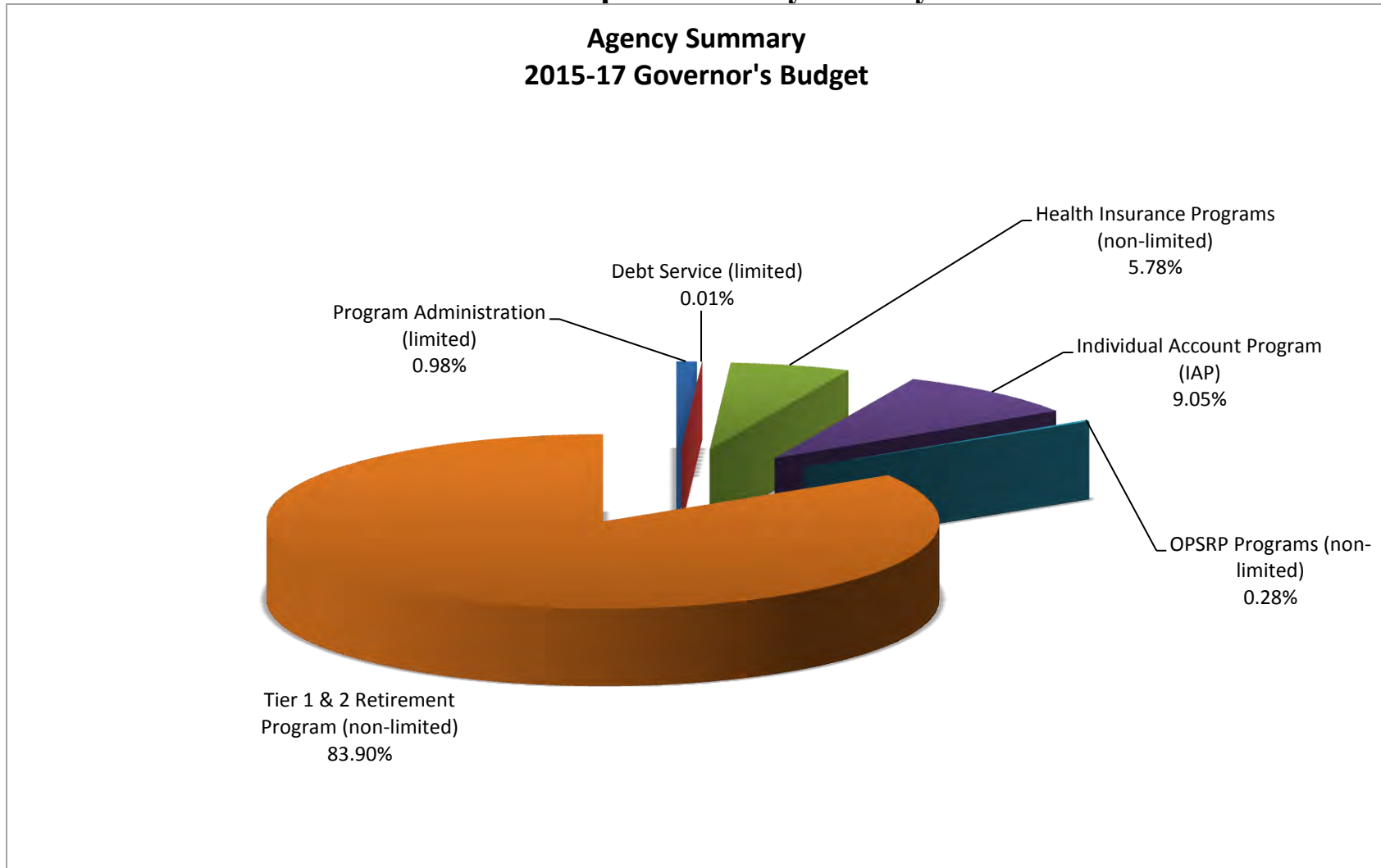
#### Agency Summary

The Public Employees Retirement System (PERS) administers a range of retirement programs on behalf of more than 900 public employers throughout the state of Oregon. These programs are provided to all state agencies, universities, and community colleges; all public school districts; and almost all cities, counties, and other local government units. The agency administers the Tier One and Tier Two Retirement programs, Judge Member Retirement Program, Oregon Public Service Retirement Plan Pension Program, Individual Account Program, Oregon Savings Growth Plan (a deferred compensation program), Public Employee Benefit Equalization Fund, Social Security Administration Program, and Retiree Health Insurance Program.

# BUDGET NARRATIVE

## Budget Summary Graphics

### PERS Expenditures by Activity



\_\_\_ Agency Request

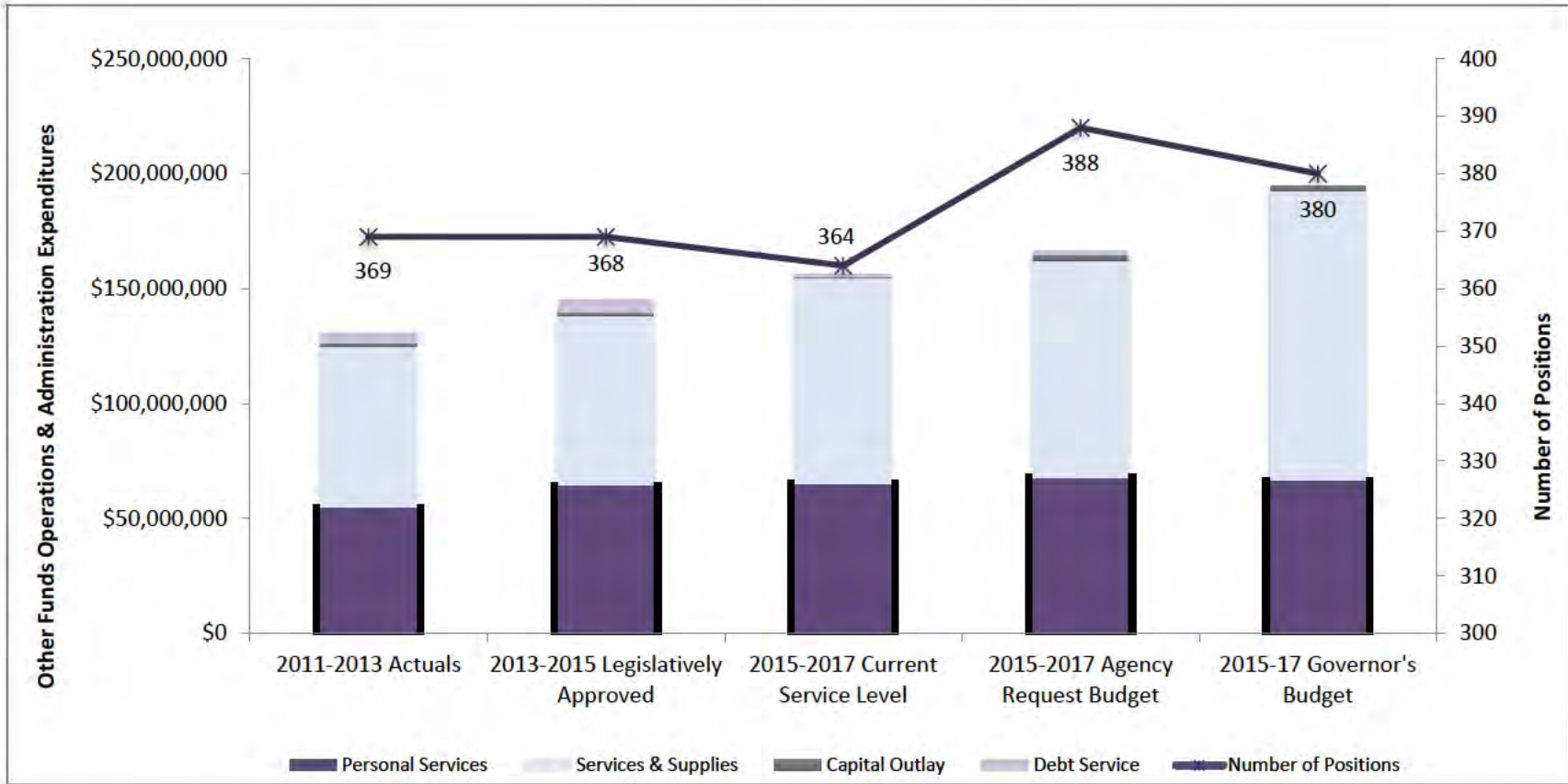
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\_\_\_ Legislatively Adopted

Budget Page 27

## BUDGET NARRATIVE

### PERS Expenditure and Position Number Comparison



\_\_\_ Agency Request

X Governor's

\_\_\_ Legislatively Adopted

## BUDGET NARRATIVE

The following table shows the agency’s budget as a percentage of the historical and projected \*PERS Fund balance over the time periods shown (also known as a “basis point” comparison):

### PERS Budget / PERF Comparison

Biennium	Legislatively Approved Limited Budget	Fiscal Year Ended June 30th	Limited Budget	PERF Balance		Percent
2003-2005	\$ 87,915,406	2004	\$ 43,957,703	\$ 46,031,766,920		0.0955%
		2005	\$ 43,957,703	\$ 50,613,623,493		0.0868%
2005-2007	\$ 81,703,709	2006	\$ 40,851,855	\$ 56,554,878,450		0.0722%
		2007	\$ 40,851,854	\$ 66,009,334,073		0.0619%
2007-2009	\$ 86,960,346	2008	\$ 43,480,173	\$ 61,409,698,133		0.0708%
		2009	\$ 43,480,173	\$ 46,043,394,714		0.0944%
2009-2011	\$ 84,685,027	2010	\$ 42,342,514	\$ 51,747,943,735		0.0818%
		2011	\$ 42,342,513	\$ 61,189,774,807		0.0692%
2011-2013	\$ 80,750,830	2012	\$ 40,375,415	\$ 59,456,250,160		0.0679%
		2013	\$ 40,375,415	\$ 65,362,545,518		0.0618%
2013-2015	\$ 86,851,130	2014	\$ 43,425,565	\$ 73,728,185,070		0.0599%
		2015	\$ 43,425,565	\$ 75,714,580,000	E	0.0574%
	GBB					
2015-2017	\$ 96,272,152	2016	\$ 48,136,076	\$ 78,966,680,000	E	0.0601%
		2017	\$ 48,136,076	\$ 82,253,230,000	E	0.0585%

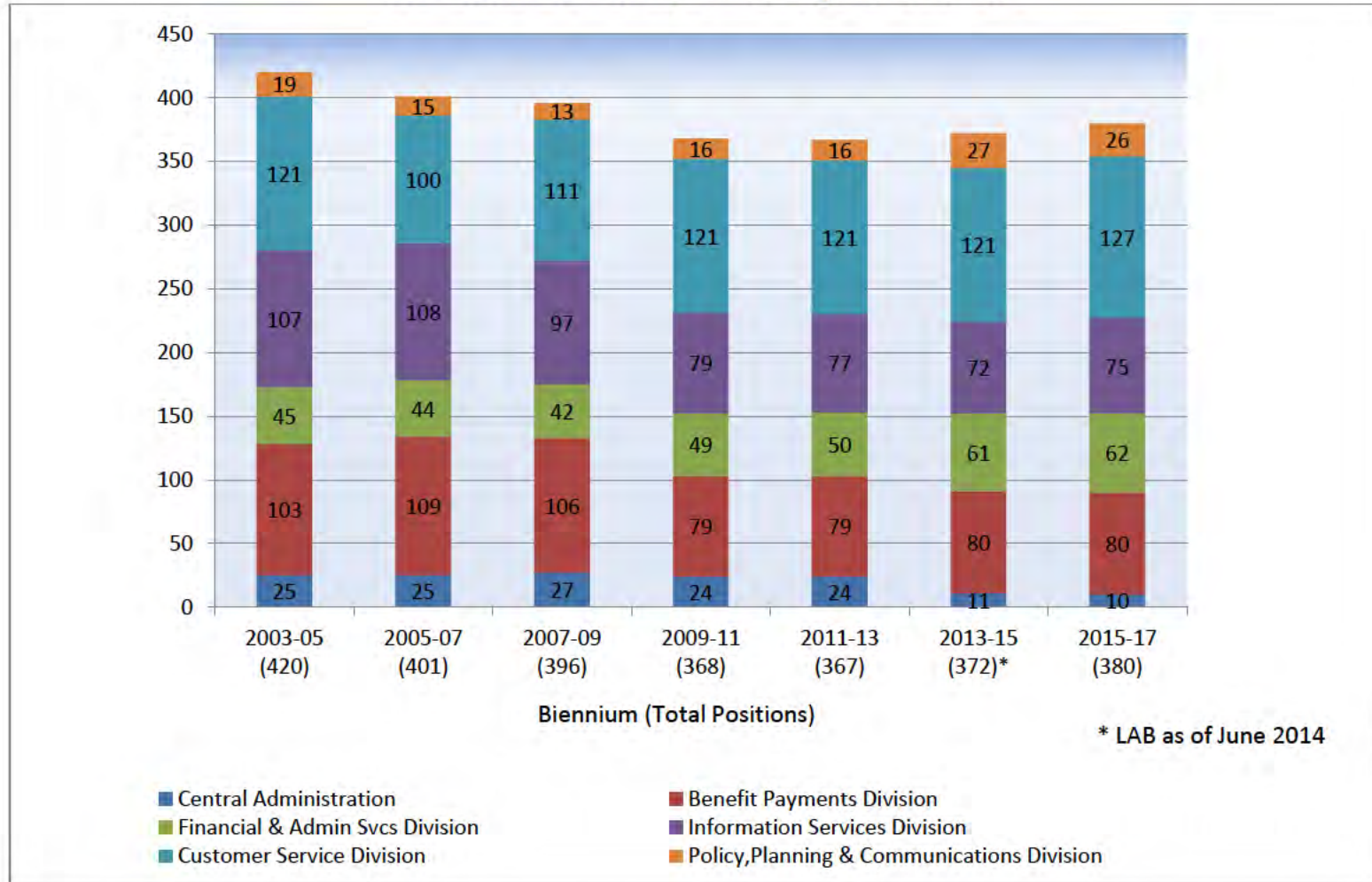
E = Estimated

Although the agency’s 2015-17 budget request is a small increase in absolute dollars over the previous biennium, it still represents a stable percentage of the PERS fund.

## BUDGET NARRATIVE

Similarly, the following graph shows the agency's staffing levels by division over previous biennia. As detailed, total staffing peaked in the 2003-05 biennium at 420 positions, it has been declining since then. The Governor's Budget (GB) for 2015-17 shows a slight increase in staffing which the agency feels is necessary to maintain its current service levels and make improvements towards its key performance measurement targets.

### Divisional Position Totals by Biennium



# BUDGET NARRATIVE

## ***Mission Statement and Statutory Authority***

### **Mission Statement**

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

### **Shared Vision**

Honoring your public service through secure retirement benefits.

### **Core Values**

**Integrity** - Inspiring trust through transparency and accountability

**Innovation** - Empowering change through collaborative teamwork

**Simplicity** - Reducing barriers through clear communication and streamlined processes

### **Core Operating Principles**

**Member Service** - Enabling our diverse membership to make informed decisions

**Data Integrity** - Partnering with employers and members to ensure timely and reliable information

**Information Security** - Constantly vigilant to safeguard confidential information

The Public Employees Retirement System (PERS) was created by the Oregon Legislative Assembly in 1945 and commenced operation on July 1, 1946. Statutory references for the agency are:

- Tier One and Tier Two Member Retirement Programs
  - ORS 237.950 to 237.980, 238.005 to 238.480, and 238.600 to 238.750
- Oregon Public Service Retirement Program (OPSRP) Pension Program
  - ORS 238A.005 to 238A.475
- Individual Account Program (IAP)
  - ORS 238A.300 to 238A.475
- Judge Member Retirement Program
  - ORS 238.500 to 238.585
- Public Employee Benefit Equalization Fund
  - ORS 238.485 to 238.492



## BUDGET NARRATIVE

- Retiree Health Insurance Program
  - ORS 238.410 to 238.420
- Deferred Compensation Program
  - ORS 243.401 to 243.507
- Social Security Administration Program
  - ORS 237.410 to 237.515

Oregon Administrative Rules (Chapter 459) govern the implementation of PERS' statutory responsibilities.

# BUDGET NARRATIVE

## ***Agency Two-Year Plan***

### **PERS' Strategic Outcomes, Processes, and Measures**

PERS has established an outcome-based management system that drives improvements to daily operations and work processes. The system provides a framework to engage employees in personal and organizational planning that directly aligns with the agency's mission, vision, core values, and operating principles. We continue to integrate problem-solving and decision-making tools that depend on active engagement from staff who have the most direct connection with members, employers, and stakeholders.

Success of the management system will be measured against six key goals:

1. Collaborative and transparent leadership
2. Efficient, effective, and adaptable organization
3. Engaged and empowered workforce
4. Engaged and educated stakeholders
5. Timely and accurate service
6. Trusted and credible agency

Progress on these goals is monitored against outcome measures that define where measurable improvements are occurring, or are needed, to advance these goals. The outcome measures are:

1. Clear, concise communication
2. Employee engagement
3. Operating effectiveness - % of process measures are in a positive range
4. Member to staff ratio
5. Total benefit administration costs
6. Performance to budget
7. Member service satisfaction
8. Effective employer partnerships
9. Timely benefit payments
10. Informed retirement decisions
11. Accurate benefit calculations

## BUDGET NARRATIVE

The agency’s core functions are separated between six operating processes and six supporting processes. Measures for each process are actively tracked through Quarterly Target Reviews (QTR) to identify areas needing improvement. The operating and supporting processes, with their associated process measures, are shown in the following tables.

<b>OPERATING PROCESSES</b>					
<b>Core Processes and their Sub-Processes</b>					
OP1: Managing Client Data and Services	OP2: Collecting Contributions	OP3: Assessing Benefit Eligibility	OP4: Processing Benefit Applications	OP5: Calculating Benefits	OP6: Paying Benefits
<ol style="list-style-type: none"> <li>1. Receiving member data</li> <li>2. Reconciling member data</li> <li>3. Correcting member data</li> <li>4. Maintaining member data</li> <li>5. Archiving and imaging member information</li> <li>6. Generating data reports</li> <li>7. Generating and responding to correspondence</li> <li>8. Generating and responding to phone calls</li> <li>9. Creating and making presentations</li> </ol>	<ul style="list-style-type: none"> <li>• Creating and maintaining employer accounts</li> <li>• Establishing an employer rate</li> <li>• Generating an employer invoice</li> <li>• Receiving employer contributions</li> <li>• Posting contributions to invoices</li> <li>• Crediting contributions to the general ledger</li> <li>• Reconciling contributions submitted to State Treasury</li> <li>• Collecting on delinquent employer invoices</li> <li>• Receiving member purchases</li> <li>• Accounting for supplemental member contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Determining beneficiaries for pre- and post-retirement death benefits</li> <li>• Requesting and reviewing divorce decrees</li> <li>• Determining eligibility for disability</li> <li>• Completing estimate requests</li> <li>• Completing data verification requests</li> <li>• Reviewing account for pre-benefit eligibility</li> <li>• Determining eligibility for PERS Health Insurance Program</li> </ul>	<ul style="list-style-type: none"> <li>• Receiving benefit application</li> <li>• Reviewing benefit application</li> <li>• Entering application data</li> <li>• Corresponding with applicant and Employer</li> <li>• Processing “just in time” eligibility</li> <li>• Initiating the benefit calculation process</li> </ul>	<ol style="list-style-type: none"> <li>1. Reviewing account</li> <li>2. Calculating initial benefit (service, death, divorce, disability, withdrawals)</li> <li>3. Recalculating benefit after an estimated benefit after an estimated benefit or when an adjusted or retroactive benefit is due</li> <li>4. Validating benefit calculations</li> <li>5. Initiating the payment benefits process</li> </ol>	<ol style="list-style-type: none"> <li>1. Ensuring cash is available to fund benefit payments</li> <li>2. Creating and transmitting payment files</li> <li>3. Processing manual checks</li> <li>4. Validating payment files</li> <li>5. Processing returns/cancels</li> <li>6. Maintaining payee information</li> <li>7. Maintaining deductions</li> <li>8. Ensuring tax reporting</li> </ol>

## BUDGET NARRATIVE

<b><u>OPERATING PROCESSES</u></b>					
<b>Process Measures</b>					
OP1: Managing Client Data and Services	OP2: Collecting Contributions	OP3: Assessing Benefit Eligibility	OP4: Processing Benefit Applications	OP5: Calculating Benefits	OP6: Paying Benefits
OP1a: % reports received vs. expected OP1b: % of returned bulk mail OP1c: % of employer reports received are complete and accurate OP1d: % of member data forms processed within 30 days OP1e: % of employer reports received within three business days of reporting cycle OP1f: Average length of wait before caller reaches live person OP1g: % of correspondence responded to within 10 days of receipt	OP2a: % of IAP contributions posted that are due OP2b: % of employers that rate the employer statement as good or excellent OP2c: % of total employers utilizing the Automated Clearing House OP2d: # of invoices outstanding more than 30 days OP2e: % of member purchases posted within 14 days of receipt	OP3a: % of appeals that are upheld compared to total # of eligibility, disability, and divorce appeals filed OP3b: % of disability and divorce determinations completed within 180 and 90 days respectively OP3c: % of estimates completed within 30 days of receipt OP3d: % of data verification requests completed within 180 days of receipt	OP4a: % of applications completed by the eligibility team within 30 days of the effective retirement OP4b: % of estimated payments per month returned or rejected back to the applicant OP4c: % of applications with two or more requests made to applicant or employer for information OP4d: % of non-canceled application completed and ready for calculation within 30 days of the effective date OP4e: % of non-canceled applications completed and ready for calculation within 15 business days of all required documents received OP4f: % of non-canceled applications completed and ready for calculation within 60 days of the effective date	OP5a: # of calculations completed per FTE OP5b: % of sample calculations that are within plus or minus \$5 OP5c: % of calculations completed within 15 calendar days from completed application date	OP6a: # of manual checks processed OP6b: % of electronic payments over total payments OP6c: Average # of days to resolve returned payments OP6d: # of exceptions not cleared prior to pension lock OP6e: % of tax reports completed by Federal and State deadline

\_\_\_\_ Agency Request

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\_\_\_\_ Legislatively Adopted

## BUDGET NARRATIVE

<b>SUPPORTING PROCESSES</b>					
<b>Core Processes and their Sub-Processes</b>					
SP1: Communicating Internally & Externally	SP2: Managing Compliance & Risk	SP3: Leveraging Technology	SP4: Managing Organizational Finances & Resources	SP5: Managing & Developing the Workforce	SP6: Strategic & Operational Planning
<ol style="list-style-type: none"> <li>1. Developing communication strategy</li> <li>2. Creating and maintaining publications and forms</li> <li>3. Maintaining electronic &amp; social media</li> <li>4. Communicating with legislators and interest groups</li> <li>5. Responding to media requests</li> <li>6. Communicating with agency staff</li> <li>7. Responding to public record and discovery requests</li> </ol>	<ol style="list-style-type: none"> <li>1. Providing policy advice</li> <li>2. Implementing new legal mandates</li> <li>3. Resolving disputes</li> <li>4. Managing legal services</li> <li>5. Maintaining tax qualified status</li> <li>6. Managing strategic relationships</li> <li>7. Conducting enterprise risk management efforts</li> <li>8. Managing audit services</li> <li>9. Managing information (record &amp; document) programs</li> <li>10. Ensuring reliable, consistent and auditable data reporting</li> </ol>	<ol style="list-style-type: none"> <li>1. Developing IT strategy and roadmap to meet agency technology needs</li> <li>2. Ensuring system availability and performance</li> <li>3. Delivering Help Desk/ desktop support</li> <li>4. Maintaining applications and systems</li> <li>5. Enhancing applications and systems</li> <li>6. Implementing new applications and systems</li> <li>7. Ensuring system security</li> <li>8. Developing, delivering and managing Enterprise Content Management System</li> </ol>	<ol style="list-style-type: none"> <li>1. Administering accounting and payroll services</li> <li>2. Managing funds and investments</li> <li>3. Developing and administering budget and finance operations supporting agency strategic plan</li> <li>4. Developing and managing contracts and agreements</li> <li>5. Maintaining and managing facilities and equipment</li> <li>6. Managing actuarial services</li> </ol>	<ol style="list-style-type: none"> <li>1. Managing the Workforce Plan</li> <li>2. Acquiring Talent</li> <li>3. On-Boarding</li> <li>4. Managing Performance</li> <li>5. Developing Employees</li> <li>6. Retaining Employees</li> </ol>	<ol style="list-style-type: none"> <li>1. Nurturing the agency's mission, values and core operating principles</li> <li>2. Developing/ maintaining the agency's strategic plan and ensuring organizational alignment</li> <li>3. Prioritizing and managing the completion of projects</li> <li>4. Governing and maintaining the PERS Outcome-Based Management System</li> </ol>

## BUDGET NARRATIVE

<b><u>SUPPORTING PROCESSES</u></b>					
<b>Process Measures</b>					
SP1: Communicating Internally & Externally	SP2: Managing Compliance & Risk	SP3: Leveraging Technology	SP4: Managing Organizational Finances & Resources	SP5: Managing & Developing the Workforce	SP6: Strategic & Operational Planning
SP1a: # of emails to PERS Board email box with complaints SP1b: % who rate forms as easily understandable SP1c: % of media coverage events with neutral or positive mentions SP1d: % rating satisfaction as good or excellent SP1e: % of public records requests responded to with a cost estimate within 14 days of receipt	SP2a: % of operating budget expended for attorney and administrative hearing fees and risk management premiums SP2b: # of Member and Employer appeals and contested case matters, employment disputes, litigation disputes, notices of dispute and risk management claims SP2c: % of staff determinations that are reversed on appeal SP2d: % of high risk audit findings resolved within committed time period	SP3a: # of business days in a month ORION systems are not available within the standard service window SP3b: % of survey respondents indicating satisfaction with our technology SP3c: # domains in the Information Security Business Risk Assessment report that meet agency goal SP3d: # of batch incidents/appends in a month SP3e: % of Change Requests scheduled for a release that are actually deployed SP3f: # of instances where system status change is not mitigated within four hours SP3g: % of Help Desk Tickets resolved within the Service Level Agreement SP3h: % of time systems are available during the service window	SP4a: % of months with no interest cost incurred due to borrowing SP4b: % of accounts receivable dollars collected (based on total dollars of accounts receivable) SP4c: % of actuarial service milestones met (e.g. experience studies, valuations, CAFR data, employer rates updated in jClarety, economic impact report) SP4d: % of invoices with payments released for payment within 30 business days of receipt by Accounts Payable	SP5a: % of employees' annual development plans created SP5b: % of employees receiving corrective action for violations SP5c: % of employees completing trial service SP5d: % of data fields entered correctly into the personnel database (PPDB) SP5e: % of employees evaluated overall performance rating "meets expectations" SP5f: % of performance evaluations completed by due date	SP6a: % of outcome and process measures with new or current data reported for that quarter SP6b: # of problem solving initiatives in process SP6c: % of employees that rate mission relevance as high SP6d: Net # of measures that improve per each quarterly target review (QTR) SP6e: # of breakthroughs on schedule

## BUDGET NARRATIVE

### ***Agency Programs***

PERS and its associated programs have a significant impact on Oregon's economy. In 2013, Oregon PERS paid approximately \$3.8 billion in benefits to retirees or their benefit recipients. The specific programs administered by PERS are described below:

### **Tier One and Tier Two Programs**

The Tier One and Tier Two programs are statutorily created programs, the administration of which is funded with Other Fund revenues that provide retirement, death, and disability benefits almost 115,000 non-retired members and more than 127,000 retired members and beneficiaries. Active Tier One and Tier Two membership will decline over time as the programs are closed to new members. However, due to the aging demographics of the Tier One and Tier Two membership, agency retirement workloads for the programs will increase over the next decade. More than 52,000 Tier One and Tier Two members are currently eligible to retire by virtue of age or years of service.

The Tier One and Tier Two Programs services include:

- Maintaining demographic and employment data throughout a member's career that will form the basis for benefit eligibility and calculations, tracking account balances and earnings crediting for member contributions to the regular and variable annuity accounts, and generating annual member account statements.
- Providing information to members regarding retirement, disability, and death benefits; providing benefit estimates and explaining benefit payment options for members and beneficiaries.
- Calculating and paying withdrawal, retirement, death, disability, and excess benefits.

### **Oregon Public Service Retirement Plan (OPSRP)**

The Oregon Public Service Retirement Plan (OPSRP), created by the Legislative Assembly in 2003 (codified as ORS Chapter 238A) and financed with Other Funds, provides both individual account-based and pension benefit programs. Employees hired by PERS-participating employers in qualifying positions on or after August 29, 2003, participate in the OPSRP Pension Program. As of December 31, 2013, the OPSRP Pension Program had more than 88,000 active and inactive members.

#### OPSRP Individual Account Program

OPSRP Pension members also participate in the Individual Account Program (IAP). Under 2003 PERS Reform, employee contributions from Tier One and Tier Two members were also directed into this separate IAP effective January 1, 2004. As of December 31, 2013, there were 238,625 active IAP accounts. The IAP requires members in qualifying positions to contribute 6

## BUDGET NARRATIVE

percent of their salary into a supplemental retirement savings account invested as part of the Oregon Public Employees Retirement Fund (OPERF) regular account under the oversight of the Oregon Investment Council (OIC).

At retirement, members can choose to receive their IAP account balance in a lump-sum payment or in equal installments over a 5, 10, 15, or 20-year period, or over the member's anticipated life span. Currently, a third-party administrator provides record keeping services for the program. Member contributions and earnings on those contributions fund the administrative costs related to the IAP. Under the IAP, there is no guarantee of a particular investment return or balance at retirement. Members make contributions that are invested and subject to market fluctuation. Employers may or may not also make contributions. When a member retires, he or she receives the accumulated contributions and any earnings or losses that accrue. Approximately \$241 million in IAP benefit payments were issued during FY 2013.

### OPSRP Pension Program

The OPSRP Pension Program is solely funded by employer contributions and associated earnings. Employees who started work with a participating public employer in a qualifying position on or after August 29, 2003, participate in the OPSRP Pension Program. An employee becomes fully vested into the program upon working five consecutive years in a qualifying position. Members' retirement benefits calculated with a formula using their final average salary, length of service, and type of service (general vs. police/fire).

### **Judge Member Retirement Program**

PERS administers a separate retirement program for all judges of the Oregon Circuit Courts, Court of Appeals, and Supreme Court. This formula-based benefit has a different contribution and payment structure than the Tier One and Tier Two Programs. All judges, as employees of the state of Oregon, have 7 percent of their salary contributed to an account to fund a benefit payable for the judge's life starting no earlier than age 60. The benefit is capped at 75 percent of the judge's final average salary.

### **Retiree Health Insurance Programs**

PERS serves as a group sponsor, providing health insurance services to more than 58,000 retired members and dependents. PERS works with insurance carriers to design benefit packages, determine specifications, solicit proposals, analyze carrier responses, and award contracts based on quality of care and cost containment. PERS uses a third-party administrator to provide insurance services directly to members. The PERS Health Insurance Program is comprised of three statutorily-mandated programs:

#### Retirement Health Insurance Account (RHIA)

This program provides a \$60 per month subsidy to help offset the cost of insurance premiums in PERS-sponsored health insurance plans for eligible retirees enrolled in Medicare Parts A and B. All PERS employers fund this subsidy through contributions. Approximately 43,000 retirees receive this subsidy, which totals approximately \$31.1 million annually.



## BUDGET NARRATIVE

### Retiree Health Insurance Premium Account (RHIPA)

This program subsidizes the cost of insurance premiums in PERS-sponsored health insurance plans for those who retired directly from state of Oregon employment but are not yet Medicare eligible and are not enrolled in the state employee health insurance retiree plans sponsored by Public Employees Benefit Board. The subsidy, which is funded by the state of Oregon through its contribution rate, is based on the number of years the retired member was employed in state service. PERS issues more than \$4.6 million in premium subsidies annually to almost 1,300 retirees (average \$298 per member per month.)

### Standard Retiree Health Insurance Account (SRHIA)

SRHIA covers all administrative services related to the PERS Health Insurance Program that are not specific to RHIA and RHIPA. This program encompasses such health insurance-related administrative activities as premium transfers of approximately \$200 million per year, third-party administrative agreements, and consultant services. Member fees and earnings on dollars held by SRHIA fund this activity.

### **Benefit Equalization Fund (BEF)**

The Legislature created the Benefit Equalization Fund (BEF) in 1997 as permitted by the Internal Revenue Service (IRS) to allow a full payment of PERS retirement benefits to recipients whose benefits would otherwise be capped by Internal Revenue Code (IRC) Section 415, which limits contributions and benefits in a tax-qualified plan. The BEF pays the amount of PERS benefits earned by these few members above the IRS limits (more than 70 benefits each year.) The BEF began paying members affected by IRC 415 in 1998 and issues approximately \$1.5 million in benefits per year. Benefit changes for new retirees related to PERS reforms, combined with periodic adjustments to the IRC 415 cap, will slow the growth of and eventually shrink the BEF. Fees are assessed to employers with members paid from the BEF to fund those benefits.

### **Social Security Administration (SSA)**

PERS has the statutorily mandated responsibility to administer federal Social Security Administration (SSA) programs to over 1,000 Oregon public employers. The scope of that responsibility involves facilitating employer education, assisting with SSA coverage referendums, and other ancillary duties. Annual fees assessed to participating employers fund the State's SSA service.

### **Deferred Compensation Program**

The Deferred Compensation Program administered by PERS provides the opportunity for public employees to voluntarily save additional funds to supplement their retirement benefits. This program is known as the Oregon Savings Growth Plan (OSGP) and is available to all state employees and those school districts and local government employers that choose to offer the program.

## BUDGET NARRATIVE

This program provides an incentive for participants to save additional funds for retirement while reducing current taxable income. The program currently serves almost 25,000 current and former state, school district, and local government employees. Plan assets were valued at approximately \$1.57 billion as of December 2013.

A third-party administrator provides OSGP record keeping and investment account services. Investment alternatives are selected with assistance of Oregon State Treasury staff with oversight from the Oregon Investment Council (OIC). PERS manages contracts with the third-party administrator, provides plan enrollment and educational support, monitors participant satisfaction, and provides customer support outside of the third-party administrator. Member contributions and related earnings fund OSGP's administration.

In 1997, the Legislative Assembly authorized PERS to extend deferred compensation services to local government employees through its third-party agreement. PERS coordinates local government applications and provides information about the program to local public employers. Employers work directly with OSGP staff to resolve administrative issues, but send contributions and contribution reports directly to the third party administrator.

### Debt Service

#### PERS Headquarters Building

In the mid-1990s, PERS recognized that the former Portland headquarters no longer served the long-term needs of the agency. As a result, PERS, in cooperation with DAS State Facilities, built the Tigard headquarters building in 1997 with land and construction costs financed through the issuance of a Certificate of Participation (COP).

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.

Although PERS has significant resources available to fund such projects, the capital markets were used due to interest costs being less than the potential investment opportunity costs related to alternative financing methods. Investment earnings on the PERS fund will be used to repay the balance which will be paid in full by May 2017.

# BUDGET NARRATIVE

## ***Environmental Factors***

The primary environmental factors affecting PERS can be summarized in three specific issue areas:

- Increases to the agency workload from an aging member population, with over 70,000 members eligible to retire as of June 30, 2014.
- Complex and evolving service delivery requirements caused by retirement program changes and new benefit structures.
- Program administration complexities resulting from systemic plan dynamics like serial plan changes, litigation, and niche-plan customization.

These combined factors present unique challenges that PERS continues to address by stabilizing and improving operations, resolving accumulated workloads, and permanently implementing changes resulting from legislation and other plan amendments.

## **Aging of PERS Membership and Participants**

Membership demographics indicate that the demand for PERS services will continue to increase. PERS has been funded at the Current Service Level (CSL) to process a baseline of 6,000 retirements per year. The number of retirements is increasing each year and may plateau at approximately 9,000 annually. In 2003, retirements spiked to over 12,000 due to benefit changes brought on by legislative reforms. In 2013, PERS experienced more than 9,600 retirements. As of June 30, 2014, approximately 70,000 members (about 33 percent of all active and inactive members) were eligible for immediate retirement based on age or years of service.

Member retirements impact all agency activities and services. As more members approach retirement, requests for benefit estimates and retirement information increase. When a member chooses to retire, that triggers a process of data compilation and verification, in partnership with employers, to support the benefit calculation and resulting notice of entitlement which establishes the member benefit. In addition to pension options, members also retire out of the IAP which requires additional explanation of options, benefits, and processing. The volume of retirement requests and complexity of member account history drives PERS services and operational demands.

Many retiring members choose to participate in the PERS' Health Insurance Program. Their applications require a determination of eligibility, explanation of benefits, and deduction of premium for coverage. This program of two staff and partnership with a third-party administrator is at times challenged to explain the expense and variety of health care coverage options available to retirees.

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

## BUDGET NARRATIVE

of retirees and beneficiaries receiving benefits); the complexity of cost-of-living adjustment (COLA) calculations; changes to tax withholding and reporting; and changes to demographic data including addresses and bank routing information.

### **Complex and Evolving Plan Structures**

From 1945 to 2013, the legislature has approved at least 63 PERS plan changes that have impacted retiree benefits (positively and negatively), eligibility, health care premiums, and impacted beneficiaries. The context, terms, and relationships between statutes, over almost 70 years, have become more intertwined. In 2003, the legislature made broad changes to PERS by closing eligibility for Tier One and Tier Two and adding the OPSRP Pension and IAP Programs. The sum of the changes mandated in 2003 had a major effect on PERS programs and benefit structures and created multiple special projects, technology and otherwise. At that time, PERS found administration of the plans and infrastructure of the system inadequate to meet reasonable service delivery expectations of stakeholders. The intricacy and volume of changes to PERS statutes since 2003 has also led to litigation from employers and members, increased the volume of contested cases, and caused delays in providing some basic services to members.

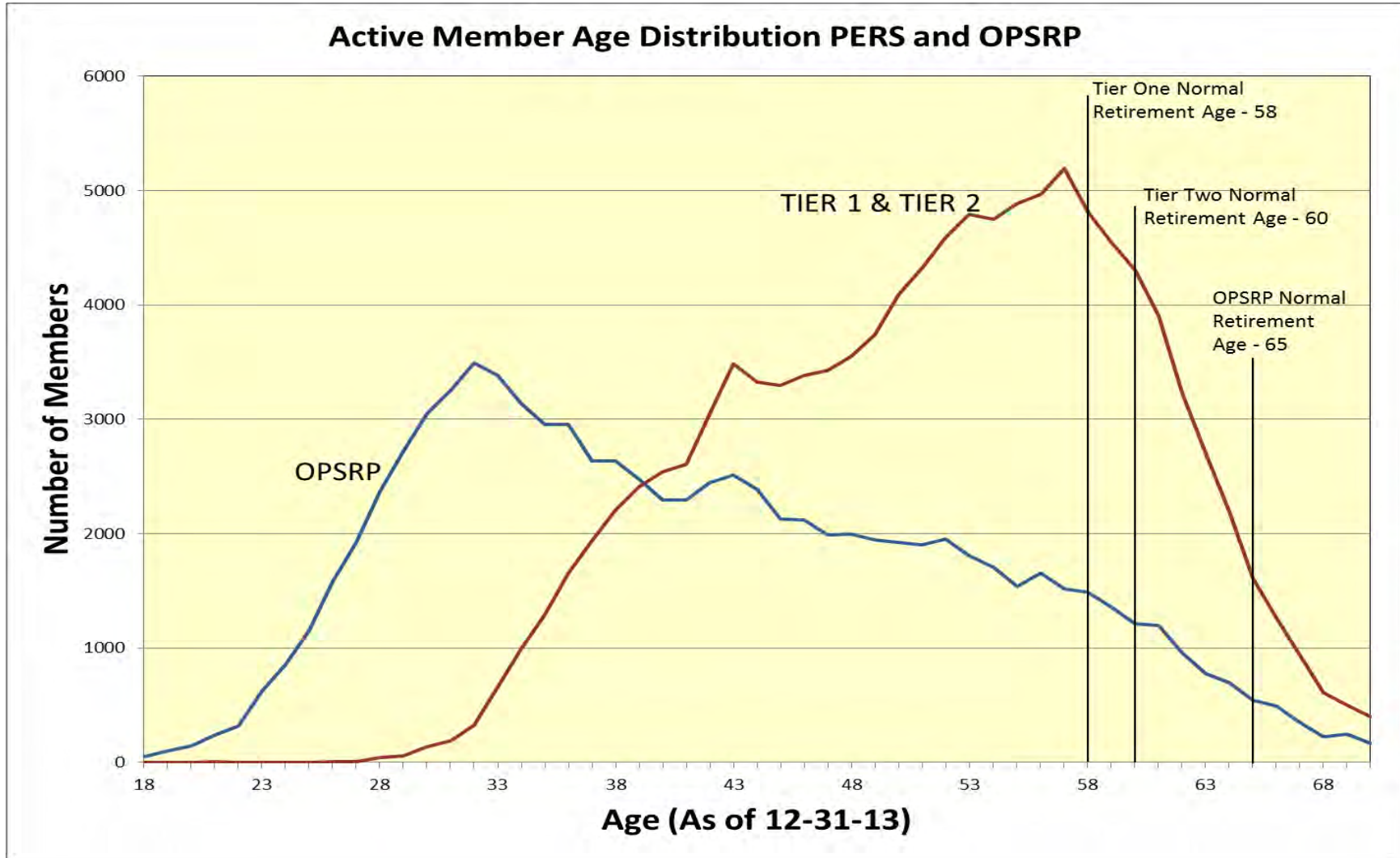
Subsequent to the 2003 reforms, the 2005 legislative session brought minor plan changes and refinements, but the 2007 legislative session saw challenges and opportunities for improved services as some elements of the 2003 reforms were modified and further refined. During the 2009 and 2010 legislative sessions, changes continued as legislation created the data verification process and allowed purchases using pre-tax funds. In 2011, a key change prohibited PERS from paying a tax remedy increase if a person is not a resident of Oregon or not subject to Oregon personal income tax for those eligible members who retire on or after January 1, 2012. A new, reduced COLA structure was approved by the legislature in 2013, as were the addition of a temporary, annual supplementary payment, and elimination of all tax remedy payments for retirees who do not pay Oregon income taxes because they don't live in Oregon.

Federal law and regulation changes, along with court decisions, also shape and refine the agency directives, requiring increased flexibility and adaptability from PERS at the administrative level and throughout its business processes and systems.

### **Program Administration Complexities**

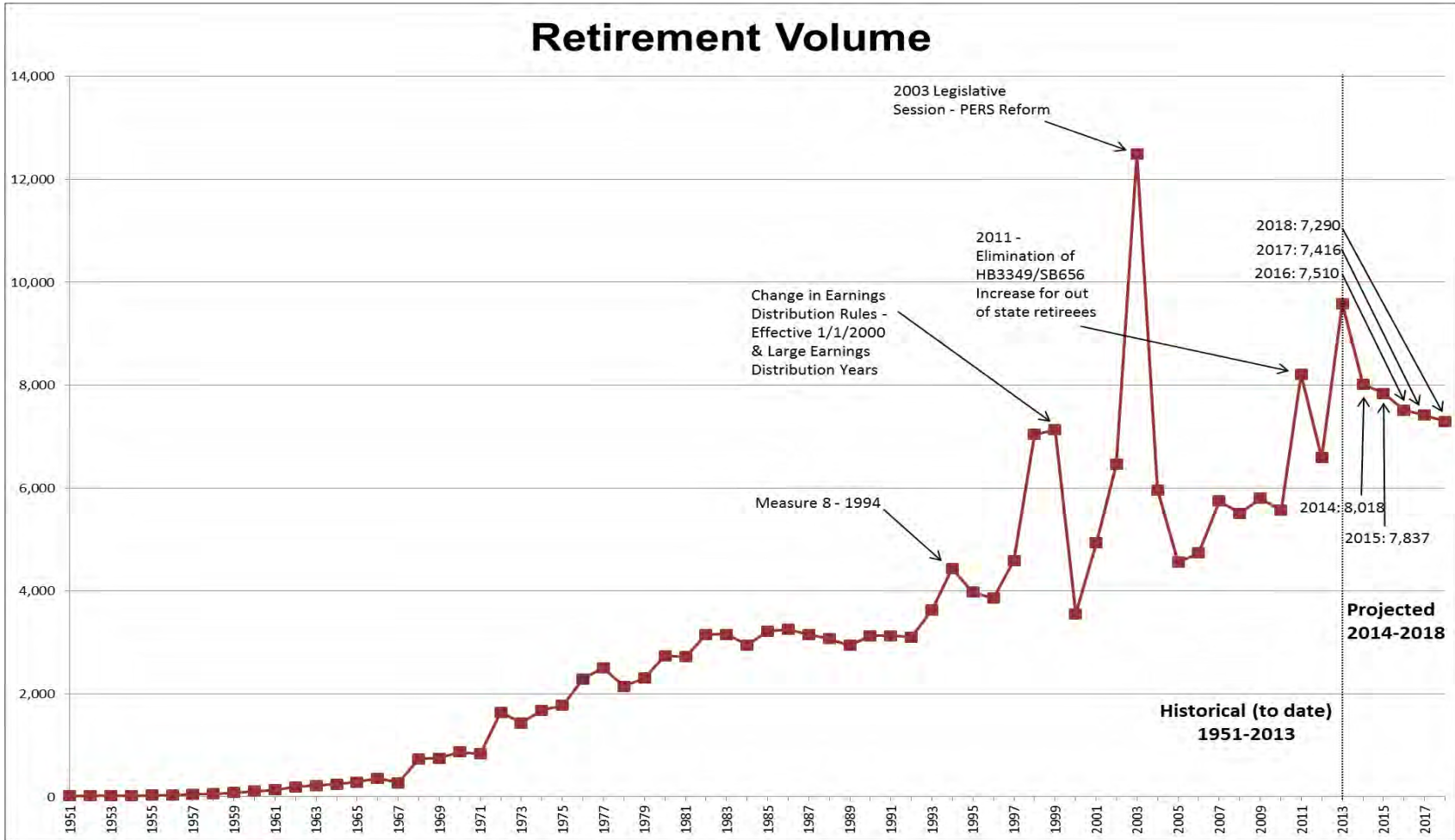
With its legislatively approved staffing and budget resources, PERS provides a variety of retirement services to approximately 330,000 members and benefit recipients, and approximately 900 public employers. The agency is heavily dependent on the use of various information technology systems and uses third-party administrators for Retiree Health Insurance, the Individual Account, and Deferred Compensation Programs. Frequent revisions to the Tier One, Tier Two, and OPSRP programs in combination with outdated technology, or systems that don't communicate well with each other, may limit staff's ability to provide industry standard customer service, or limit member ability to access information that would be helpful in their retirement decision making process.

# BUDGET NARRATIVE



# BUDGET NARRATIVE

## Retirement Volume



## BUDGET NARRATIVE

### *Initiatives and Accomplishments*

#### **2013-15 Progress Report**

With the combined resources of the agency budget and Policy Option Packages approved in 2013, PERS made significant progress on the objectives set forth in the Six-Year Strategic Outlook and the Key Performance Measures, as well as in the area of business process improvements. Indicators of that progress are discussed below.

Timely and Accurate Payment of PERS Benefits. The Key Performance Measure is to provide 80 percent of initial retirement payments within 45 days of the member's effective retirement date. During FY2013, PERS issued 70% of its pension benefit inceptions within 45 days of the member's effective retirement date, a significant increase from the 33% performance rate in FY2012. Process and system improvements in calculating and issuing pension inceptions arose through better system functionality and resolving inefficiencies. We were in the final stages of a multi-phase IT replacement project during FY11 and FY12 and the IT system transition during the deployments hampered our effectiveness. Performance has markedly improved since then, as staff have transitioned to the new system and also adjusted processes to leveraging technology. With these improvements, staff continue to progress towards reaching the targeted 80% of new retirements issued in 45 days.

High-Quality Customer Service. PERS' Key Performance Measure is to achieve a customer satisfaction rating of "good" or "excellent" from 95 percent of members and employers. The percentage of members rating our service either "good" or "excellent" was 90 percent in 2013; employers' ratings were 85 percent. Member-oriented services such as the one-on-one retirement application assistance program continue to be very successful. PERS has also continued to offer workshops and presentations with individual employers and groups beyond the usual outreach presentations. This effort, along with continued success in its employer advocate program and other training efforts, have helped to bolster customer service to employers.

Optimize Effectiveness and Efficiency. PERS strives to deliver high-quality, cost-effective service to members and employers. PERS' member to staff ratio increased to 995:1 in FY2013, up from 970:1 in FY2012. The staffing is slightly up this year (up by 0.3%) due to staff added for the Strunk/Eugene overpayment recovery project. And the membership levels are up by 2.4% this year. This membership increase, coupled with the smaller staffing increase, is the cause for the increase in the member to staff ratio this year. Demographic research shows that the next five to ten years will see a dramatically increasing number of members who qualify for retirement benefits. While the rising volume of retirements is an issue facing most public pension systems, PERS has also been challenged by transitioning to a newly developed and implemented IT system. This situation is expected to improve as staff adapts to the functionality provided by that system and the operational demands of statutory changes and program expansions (OPSRP and IAP) are normalized. In the long term, the improved IT systems will lead to more streamlined processes, allowing the agency to continue to handle increasing workloads with stabilized staffing.

# BUDGET NARRATIVE

## ***Criteria for 2015-2017 Budget Development***

By initiating its new management system in 2012, PERS began its evolution towards becoming an aligned, outcome-driven agency. The Fundamentals Map that was developed in the first phase of that implementation outlines the agency mission, shared vision, and core values and operating principles. The agency's core work is measured according to six key goals, and those goals are achieved through performance improvement across various Outcome and Process Measures.

Using these foundational elements of the management system, the agency's planning for the next biennium was predicated on a strategy to use the budget process to improve agency performance in targeted areas. Starting from our current baseline performance level (supported by the agency Current Service Level budget), we identified particular business processes where performance can only be enhanced by adding resources (as process improvements and technology solutions have been leveraged as much as possible in these areas.) The proposed Policy Option Packages (POPs) for the 2015-2017 biennium are therefore connected to tactical, incremental strategies to maintain or improve performance in these processes; this set of POPs is targeted towards improvements in customer service metrics and strengthening our technology infrastructure. Without these POPs, performance would either have to stay at current levels or diminish in other areas as resources are diverted to these processes.

The following summaries describe the 2015-2017 POPs which will allow PERS to achieve the agency mission of paying the right person the right benefit at the right time.

### **Current Service Metrics Staffing Request – POP 101**

To maintain service metrics in three areas, PERS proposes to add six permanent positions (five are transitions of current positions): making permanent four limited duration Retirement Counselor 1 call center staff who have alleviated member call wait times and improved "favorable outcomes" with member calls; addition of one Retirement Counselor 2 position to assist with the growing work load of OPSRP retirement calculations; finalization of transition of one full-time, day shift custodial staff from DAS to PERS.

### **Fully Integrating IAP into the ORION System – Phase III – POP 102**

This proposal is to complete the remaining project elements in Phase III of transitioning all aspects of the Individual Account Program (IAP) to PERS' internal administration and eliminating use of an outside third-party administrator (TPA). Phase III is for the resources necessary to refine stakeholder needs and document those processes that have to be integrated, construct the IAP functionality within the agency's benefit administration system, develop a project staging plan, and migrate to the new platform.



## BUDGET NARRATIVE

### **Enhanced Staffing for the Data Verification Unit – POP 103**

When the data verification process was created in 2009, the legislature approved six FTE for the program. Since that time, the volume of requests has out-paced the team ability to provide verifications in a timely manner. This request proposed to properly size the work unit based on the level of demand and to clear the accumulated backlog of requests.

### **Technology Maintenance & Enhancements – POP 104**

PERS has been administering its benefit programs on the jClarety platform, a system architecture that was designed and developed over a decade ago. Over time, technology has changed and jClarety's limitations, flaws, and inefficiencies have emerged in its operation. Some jClarety code and integration components need to be updated to keep the system scalable, maintainable, and meet current industry standards. This proposal will help augment existing staff to develop architectural updates to jClarety to maintain system functionality and usefulness.

### **Disaster Recovery Infrastructure Upgrades – POP 105**

The technology infrastructure that supports ORION needs to be upgraded to enhance our ability to provide reliable services to stakeholders. This includes upgrading Disaster Recovery and Business Continuity solutions with a target to resume critical business and infrastructure services. Another component replaces desktop and laptop systems with a virtual desktop environment to improve data security and reduce life-cycle replacement costs. Finally, the proposal would establish a single sign-on environment to conform a variety of business applications to age user identification and passwords with PERS information security policy and protocol.

# BUDGET NARRATIVE

## ***Major Information Technology Projects***

Much of the work and communication with and throughout PERS is electronic in nature. Employers report employee data electronically, members may communicate their benefit and information change requests electronically, and PERS databases hold copious volumes of employment history and associated information about members through and after public employment. PERS staff use this data and a variety of tools to calculate benefit estimates, generate payments, and track more than 300,000 active and inactive members or benefit recipients.

The PERS reforms of 2003 drove development of currently used technology systems and databases. Since that time operational and process efficiencies have been developed based on existing technology; technology has evolved; member and employer interactions are becoming more web-based; yet system discrepancies and opportunities have become apparent.

By initiating a new management system in 2012, PERS is evolving into a process-driven organization. We are making decisions about agency work based on processes and their outcomes which provides a rational, data driven approach to agency business. Efficient use and spending on technology resources and processes will help PERS achieve the agency mission of paying the right person the right benefit at the right time. To build on and refine existing resources, PERS proposes strategic investment in technology during the 2015-2017 biennium.

### **Integration of the IAP into ORION**

In recent legislative sessions, PERS has received approval to transition administration of the Individual Account Program into the ORION system. This biennium, the proposal is to complete the remaining project elements in Phase III of the program. Resources will be used to refine stakeholder needs and document processes that have to be integrated, construct the IAP functionality within ORION, develop a project staging plan, and migrate to the new platform.

### **Technology Maintenance and Enhancements**

PERS has been administering the benefit programs on the jClarety platform for over a decade. Over time, technology has changed, requirements for data volume and transactions have increased, and jClarety's limitations, flaws, and inefficiencies have emerged in its operation. Some system code and integration components need to be updated to keep the system scalable, maintainable, and meet current industry standards. PERS proposes to augment existing staff to develop architectural updates to maintain system functionality and usefulness.

## BUDGET NARRATIVE

### Disaster Recovery Infrastructure Upgrades

Components of ORION including jClarety and a variety of business service applications are in need of upgrades so PERS may provide reliable services to stakeholders. This includes upgrading Disaster Recovery and Business Continuity solutions with a target to resume critical business and infrastructure services. Another component replaces desktop and laptop systems with a virtual desktop environment to improve data security and reduce life-cycle replacement costs. Finally, the proposal would establish a single sign-on environment to conform a variety of business applications to age user identification and passwords with PERS information security policy and protocol.

# BUDGET NARRATIVE

## Summary of 2013-15 Biennium Budget

### Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
Public Employees Retirement System, Oregon  
2015-17 Biennium

Governor's Budget  
Cross Reference Number: 45900-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	369	367.23	9,361,877,344	-	-	84,002,344	-	9,277,875,000	-
2013-15 Emergency Boards	-	-	4,151,636	-	-	4,151,636	-	-	-
<b>2013-15 Leg Approved Budget</b>	<b>369</b>	<b>367.23</b>	<b>9,366,028,980</b>	<b>-</b>	<b>-</b>	<b>88,153,980</b>	<b>-</b>	<b>9,277,875,000</b>	<b>-</b>
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(8)	(6.23)	186,339	-	-	186,339	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	(12,100)	-	-	(12,100)	-	-	-
Base Nonlimited Adjustment	-	-	(801,761,000)	-	-	-	-	(801,761,000)	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	<b>361</b>	<b>361.00</b>	<b>8,564,442,219</b>	<b>-</b>	<b>-</b>	<b>88,328,219</b>	<b>-</b>	<b>8,476,114,000</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	92,904	-	-	92,904	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	316,782	-	-	316,782	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>409,686</b>	<b>-</b>	<b>-</b>	<b>409,686</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	3	3.00	742,123	-	-	742,123	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(4,164,450)	-	-	(4,164,450)	-	-	-
<b>Subtotal</b>	<b>3</b>	<b>3.00</b>	<b>(3,422,327)</b>	<b>-</b>	<b>-</b>	<b>(3,422,327)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	672,410	-	-	672,410	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	2,986,878	-	-	2,986,878	-	-	-

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Page 1 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

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\_\_\_ Legislatively Adopted

Budget Page  51

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Public Employees Retirement System, Oregon  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal</b>	-	-	3,659,288	-	-	3,659,288	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	70,000	-	-	70,000	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	<b>364</b>	<b>364.00</b>	<b>8,565,158,866</b>	<b>-</b>	<b>-</b>	<b>89,044,866</b>	<b>-</b>	<b>8,476,114,000</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Public Employees Retirement System, Oregon  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	<b>364</b>	<b>364.00</b>	<b>8,565,158,866</b>	-	-	<b>89,044,866</b>	-	<b>8,476,114,000</b>	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	<b>364</b>	<b>364.00</b>	<b>8,565,158,866</b>	-	-	<b>89,044,866</b>	-	<b>8,476,114,000</b>	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	1,076,658,541	-	-	(1,150,521)	-	1,077,809,062	-
101 - Current Service Metrics Staffing Request	6	6.00	644,083	-	-	644,083	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	3	3.00	1,914,399	-	-	1,914,399	-	-	-
103 - Enhanced Staffing for Data Verification	7	7.00	956,875	-	-	956,875	-	-	-
104 - Technology Maintenance & Enhancements	-	-	3,281,250	-	-	3,281,250	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	1,581,200	-	-	1,581,200	-	-	-
<b>Subtotal Policy Packages</b>	<b>16</b>	<b>16.00</b>	<b>1,085,036,348</b>	-	-	<b>7,227,286</b>	-	<b>1,077,809,062</b>	-
<b>Total 2015-17 Governor's Budget</b>	<b>380</b>	<b>380.00</b>	<b>9,650,195,214</b>	-	-	<b>96,272,152</b>	-	<b>9,553,923,062</b>	-
Percentage Change From 2013-15 Leg Approved Budget	2.98%	3.48%	3.03%	-	-	9.21%	-	2.98%	-
Percentage Change From 2015-17 Current Service Level	4.40%	4.40%	12.67%	-	-	8.12%	-	12.72%	-

12/16/14  
9:38 AM

Page 3 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 53

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Non-Limited Programs**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-010-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	9,277,875,000	-	-	-	-	9,277,875,000	-
2013-15 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	<b>9,277,875,000</b>	-	-	-	-	<b>9,277,875,000</b>	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	(801,761,000)	-	-	-	-	(801,761,000)	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	-	-	<b>8,476,114,000</b>	-	-	-	-	<b>8,476,114,000</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	<b>8,476,114,000</b>	-	-	-	-	<b>8,476,114,000</b>	-

12/16/14  
9:38 AM

Page 4 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 54

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Non-Limited Programs**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-010-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	8,476,114,000	-	-	-	-	8,476,114,000	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	-	-	8,476,114,000	-	-	-	-	8,476,114,000	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	1,077,809,062	-	-	-	-	1,077,809,062	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	1,077,809,062	-	-	-	-	1,077,809,062	-
<b>Total 2015-17 Governor's Budget</b>	-	-	9,553,923,062	-	-	-	-	9,553,923,062	-
Percentage Change From 2013-15 Leg Approved Budget	-	-	2.98%	-	-	-	-	2.98%	-
Percentage Change From 2015-17 Current Service Level	-	-	12.72%	-	-	-	-	12.72%	-

12/16/14  
9:38 AM

Page 5 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_\_ Agency Request

  X   Governor's

\_\_\_\_ Legislatively Adopted

Budget Page 55



# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Tier One and Tier Two Pension Programs**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-010-01-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	8,132,200,000	-	-	-	-	8,132,200,000	-
2013-15 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	<b>8,132,200,000</b>	-	-	-	-	<b>8,132,200,000</b>	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	(793,114,672)	-	-	-	-	(793,114,672)	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	-	-	<b>7,339,085,328</b>	-	-	-	-	<b>7,339,085,328</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	<b>7,339,085,328</b>	-	-	-	-	<b>7,339,085,328</b>	-

12/16/14  
9:38 AM

Page 6 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 56

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon  
Tier One and Tier Two Pension Programs  
2015-17 Biennium**

**Governor's Budget  
Cross Reference Number: 45900-010-01-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	7,339,085,328	-	-	-	-	7,339,085,328	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	-	-	7,339,085,328	-	-	-	-	7,339,085,328	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	756,475,534	-	-	-	-	756,475,534	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	756,475,534	-	-	-	-	756,475,534	-
<b>Total 2015-17 Governor's Budget</b>	-	-	8,095,560,862	-	-	-	-	8,095,560,862	-
Percentage Change From 2013-15 Leg Approved Budget	-	-	-0.45%	-	-	-	-	-0.45%	-
Percentage Change From 2015-17 Current Service Level	-	-	10.31%	-	-	-	-	10.31%	-

12/16/14  
9:38 AM

Page 7 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 57

2015-17

107BF02

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Retirement Health Insurance Programs**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-010-02-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	408,661,000	-	-	-	-	408,661,000	-
2013-15 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	<b>408,661,000</b>	-	-	-	-	<b>408,661,000</b>	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	62,508,431	-	-	-	-	62,508,431	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	-	-	<b>471,169,431</b>	-	-	-	-	<b>471,169,431</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	<b>471,169,431</b>	-	-	-	-	<b>471,169,431</b>	-

12/16/14  
9:38 AM

Page 8 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 58

2015-17

107BF02

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Retirement Health Insurance Programs**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-010-02-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	471,169,431	-	-	-	-	471,169,431	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	-	-	471,169,431	-	-	-	-	471,169,431	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	86,925,014	-	-	-	-	86,925,014	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	86,925,014	-	-	-	-	86,925,014	-
<b>Total 2015-17 Governor's Budget</b>	-	-	558,094,445	-	-	-	-	558,094,445	-
Percentage Change From 2013-15 Leg Approved Budget	-	-	36.57%	-	-	-	-	36.57%	-
Percentage Change From 2015-17 Current Service Level	-	-	18.45%	-	-	-	-	18.45%	-

12/16/14  
9:38 AM

Page 9 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 59

2015-17

107BF02

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Oregon Public Service Retirement Pension Pgm**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-010-03-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	15,814,000	-	-	-	-	15,814,000	-
2013-15 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	<b>15,814,000</b>	-	-	-	-	<b>15,814,000</b>	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	1,030,601	-	-	-	-	1,030,601	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	-	-	<b>16,844,601</b>	-	-	-	-	<b>16,844,601</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	<b>16,844,601</b>	-	-	-	-	<b>16,844,601</b>	-

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon  
Oregon Public Service Retirement Pension Pgm  
2015-17 Biennium**

**Governor's Budget  
Cross Reference Number: 45900-010-03-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	16,844,601	-	-	-	-	16,844,601	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	-	-	16,844,601	-	-	-	-	16,844,601	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	9,934,263	-	-	-	-	9,934,263	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	9,934,263	-	-	-	-	9,934,263	-
<b>Total 2015-17 Governor's Budget</b>	-	-	26,778,864	-	-	-	-	26,778,864	-
Percentage Change From 2013-15 Leg Approved Budget	-	-	69.34%	-	-	-	-	69.34%	-
Percentage Change From 2015-17 Current Service Level	-	-	58.98%	-	-	-	-	58.98%	-

12/16/14  
9:38 AM

Page 11 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 61

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon  
Individual Account Program (IAP)  
2015-17 Biennium**

**Governor's Budget  
Cross Reference Number: 45900-010-04-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	721,200,000	-	-	-	-	721,200,000	-
2013-15 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	<b>721,200,000</b>	-	-	-	-	<b>721,200,000</b>	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	(72,185,360)	-	-	-	-	(72,185,360)	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	-	-	<b>649,014,640</b>	-	-	-	-	<b>649,014,640</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	<b>649,014,640</b>	-	-	-	-	<b>649,014,640</b>	-

12/16/14  
9:38 AM

Page 12 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 62

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
Individual Account Program (IAP)  
2015-17 Biennium

Governor's Budget  
Cross Reference Number: 45900-010-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	649,014,640	-	-	-	-	649,014,640	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	-	-	649,014,640	-	-	-	-	649,014,640	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	224,474,251	-	-	-	-	224,474,251	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	224,474,251	-	-	-	-	224,474,251	-
<b>Total 2015-17 Governor's Budget</b>	-	-	873,488,891	-	-	-	-	873,488,891	-
Percentage Change From 2013-15 Leg Approved Budget	-	-	21.12%	-	-	-	-	21.12%	-
Percentage Change From 2015-17 Current Service Level	-	-	34.59%	-	-	-	-	34.59%	-

12/16/14  
9:38 AM

Page 13 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 63

2015-17

107BF02



# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Operations**  
**2015-17 Biennium**

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

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	6	6.00	1,181,620	-	-	1,181,620	-	-	-
2013-15 Emergency Boards	(6)	(6.00)	(1,181,620)	-	-	(1,181,620)	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	-	-	-	-	-	-	-

12/16/14  
9:38 AM

\_\_\_ Agency Request

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# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon  
Operations  
2015-17 Biennium**

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

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	-	-	-	-	-	-	-
<b>Total 2015-17 Governor's Budget</b>	-	-	-	-	-	-	-	-	-
Percentage Change From 2013-15 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

12/16/14  
9:38 AM

Page 15 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 65

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Debt Service  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-400-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	1,302,850	-	-	1,302,850	-	-	-
2013-15 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	<b>1,302,850</b>	-	-	<b>1,302,850</b>	-	-	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	(12,100)	-	-	(12,100)	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	-	-	<b>1,290,750</b>	-	-	<b>1,290,750</b>	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	<b>1,290,750</b>	-	-	<b>1,290,750</b>	-	-	-

12/16/14  
 9:38 AM

Page 16 of 40

BDV104 - Biennial Budget Summary  
 BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 66

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
Debt Service  
2015-17 Biennium

Governor's Budget  
Cross Reference Number: 45900-400-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	1,290,750	-	-	1,290,750	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	-	-	1,290,750	-	-	1,290,750	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	-	-	-	-	-	-	-
<b>Total 2015-17 Governor's Budget</b>	-	-	1,290,750	-	-	1,290,750	-	-	-
Percentage Change From 2013-15 Leg Approved Budget	-	-	-0.93%	-	-	-0.93%	-	-	-
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

12/16/14  
9:38 AM

Page 17 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 67

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Limited - Operations**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-500-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	363	361.23	81,517,874	-	-	81,517,874	-	-	-
2013-15 Emergency Boards	6	6.00	5,333,256	-	-	5,333,256	-	-	-
<b>2013-15 Leg Approved Budget</b>	<b>369</b>	<b>367.23</b>	<b>86,851,130</b>	<b>-</b>	<b>-</b>	<b>86,851,130</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(8)	(6.23)	186,339	-	-	186,339	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	<b>361</b>	<b>361.00</b>	<b>87,037,469</b>	<b>-</b>	<b>-</b>	<b>87,037,469</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	92,904	-	-	92,904	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	316,782	-	-	316,782	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>409,686</b>	<b>-</b>	<b>-</b>	<b>409,686</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	3	3.00	742,123	-	-	742,123	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(4,164,450)	-	-	(4,164,450)	-	-	-
<b>Subtotal</b>	<b>3</b>	<b>3.00</b>	<b>(3,422,327)</b>	<b>-</b>	<b>-</b>	<b>(3,422,327)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	672,410	-	-	672,410	-	-	-
State Gov't & Services Charges Increase/(Decrease)			2,986,878	-	-	2,986,878	-	-	-

12/16/14  
9:38 AM

Page 18 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 68

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Limited - Operations  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal</b>	-	-	3,659,288	-	-	3,659,288	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	70,000	-	-	70,000	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	<b>364</b>	<b>364.00</b>	<b>87,754,116</b>	<b>-</b>	<b>-</b>	<b>87,754,116</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon  
Limited - Operations  
2015-17 Biennium**

**Governor's Budget  
Cross Reference Number: 45900-500-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	<b>364</b>	<b>364.00</b>	<b>87,754,116</b>	-	-	<b>87,754,116</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	<b>364</b>	<b>364.00</b>	<b>87,754,116</b>	-	-	<b>87,754,116</b>	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(1,150,521)	-	-	(1,150,521)	-	-	-
101 - Current Service Metrics Staffing Request	6	6.00	644,083	-	-	644,083	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	3	3.00	1,914,399	-	-	1,914,399	-	-	-
103 - Enhanced Staffing for Data Verification	7	7.00	956,875	-	-	956,875	-	-	-
104 - Technology Maintenance & Enhancements	-	-	3,281,250	-	-	3,281,250	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	1,581,200	-	-	1,581,200	-	-	-
<b>Subtotal Policy Packages</b>	<b>16</b>	<b>16.00</b>	<b>7,227,286</b>	-	-	<b>7,227,286</b>	-	-	-
<b>Total 2015-17 Governor's Budget</b>	<b>380</b>	<b>380.00</b>	<b>94,981,402</b>	-	-	<b>94,981,402</b>	-	-	-
Percentage Change From 2013-15 Leg Approved Budget	2.98%	3.48%	9.36%	-	-	9.36%	-	-	-
Percentage Change From 2015-17 Current Service Level	4.40%	4.40%	8.24%	-	-	8.24%	-	-	-

12/16/14  
9:38 AM

Page 20 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 70

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon  
Central Administration  
2015-17 Biennium**

**Governor's Budget  
Cross Reference Number: 45900-500-01-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	18	17.13	4,742,801	-	-	4,742,801	-	-	-
2013-15 Emergency Boards	(7)	(7.00)	(1,286,426)	-	-	(1,286,426)	-	-	-
<b>2013-15 Leg Approved Budget</b>	<b>11</b>	<b>10.13</b>	<b>3,456,375</b>	<b>-</b>	<b>-</b>	<b>3,456,375</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(1)	(0.13)	74,267	-	-	74,267	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	<b>10</b>	<b>10.00</b>	<b>3,530,642</b>	<b>-</b>	<b>-</b>	<b>3,530,642</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	3,710	-	-	3,710	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	14,058	-	-	14,058	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>17,768</b>	<b>-</b>	<b>-</b>	<b>17,768</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(530,000)	-	-	(530,000)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(530,000)</b>	<b>-</b>	<b>-</b>	<b>(530,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	(256,770)	-	-	(256,770)	-	-	-
State Gov't & Services Charges Increase/(Decrease)			900,000	-	-	900,000	-	-	-

12/16/14  
9:38 AM

Page 21 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 71



# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Central Administration  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal</b>	-	-	643,230	-	-	643,230	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	72,638	-	-	72,638	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	<b>10</b>	<b>10.00</b>	<b>3,734,278</b>	<b>-</b>	<b>-</b>	<b>3,734,278</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Central Administration  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	<b>10</b>	<b>10.00</b>	<b>3,734,278</b>	-	-	<b>3,734,278</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	<b>10</b>	<b>10.00</b>	<b>3,734,278</b>	-	-	<b>3,734,278</b>	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(44,386)	-	-	(44,386)	-	-	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	<b>(44,386)</b>	-	-	<b>(44,386)</b>	-	-	-
<b>Total 2015-17 Governor's Budget</b>	<b>10</b>	<b>10.00</b>	<b>3,689,892</b>	-	-	<b>3,689,892</b>	-	-	-
Percentage Change From 2013-15 Leg Approved Budget	-9.09%	-1.28%	6.76%	-	-	6.76%	-	-	-
Percentage Change From 2015-17 Current Service Level	-	-	-1.19%	-	-	-1.19%	-	-	-

12/16/14  
 9:38 AM

Page 23 of 40

BDV104 - Biennial Budget Summary  
 BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 73

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Benefit Payments Division**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-500-02-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	80	80.00	12,826,121	-	-	12,826,121	-	-	-
2013-15 Emergency Boards	-	-	513,490	-	-	513,490	-	-	-
<b>2013-15 Leg Approved Budget</b>	<b>80</b>	<b>80.00</b>	<b>13,339,611</b>	<b>-</b>	<b>-</b>	<b>13,339,611</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(1)	(1.00)	117,104	-	-	117,104	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	<b>79</b>	<b>79.00</b>	<b>13,456,715</b>	<b>-</b>	<b>-</b>	<b>13,456,715</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	20,937	-	-	20,937	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	72,211	-	-	72,211	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>93,148</b>	<b>-</b>	<b>-</b>	<b>93,148</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(187,963)	-	-	(187,963)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(187,963)</b>	<b>-</b>	<b>-</b>	<b>(187,963)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	20,213	-	-	20,213	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>20,213</b>	<b>-</b>	<b>-</b>	<b>20,213</b>	<b>-</b>	<b>-</b>	<b>-</b>

12/16/14  
9:38 AM

Page 24 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 74

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Benefit Payments Division**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-500-02-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	102,603	-	-	102,603	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	<b>79</b>	<b>79.00</b>	<b>13,484,716</b>	<b>-</b>	<b>-</b>	<b>13,484,716</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Benefit Payments Division**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-500-02-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	<b>79</b>	<b>79.00</b>	<b>13,484,716</b>	-	-	<b>13,484,716</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	<b>79</b>	<b>79.00</b>	<b>13,484,716</b>	-	-	<b>13,484,716</b>	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(139,373)	-	-	(139,373)	-	-	-
101 - Current Service Metrics Staffing Request	1	1.00	139,706	-	-	139,706	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>1</b>	<b>1.00</b>	<b>333</b>	-	-	<b>333</b>	-	-	-
<b>Total 2015-17 Governor's Budget</b>	<b>80</b>	<b>80.00</b>	<b>13,485,049</b>	-	-	<b>13,485,049</b>	-	-	-
Percentage Change From 2013-15 Leg Approved Budget									
Percentage Change From 2013-15 Leg Approved Budget	-	-	1.09%	-	-	1.09%	-	-	-
Percentage Change From 2015-17 Current Service Level									
Percentage Change From 2015-17 Current Service Level	1.27%	1.27%	-	-	-	-	-	-	-

12/16/14  
9:38 AM

Page 26 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_\_ Agency Request  
2015-17

  X   Governor's

\_\_\_\_ Legislatively Adopted

Budget Page 76

**107BF02**

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon  
Financial & Admin Services Division (FASD)  
2015-17 Biennium**

**Governor's Budget  
Cross Reference Number: 45900-500-03-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	53	52.84	16,851,223	-	-	16,851,223	-	-	-
2013-15 Emergency Boards	8	8.00	2,069,560	-	-	2,069,560	-	-	-
<b>2013-15 Leg Approved Budget</b>	<b>61</b>	<b>60.84</b>	<b>18,920,783</b>	-	-	<b>18,920,783</b>	-	-	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(3)	(2.84)	58,388	-	-	58,388	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	<b>58</b>	<b>58.00</b>	<b>18,979,171</b>	-	-	<b>18,979,171</b>	-	-	-
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	16,864	-	-	16,864	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	41,043	-	-	41,043	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>57,907</b>	<b>-</b>	<b>-</b>	<b>57,907</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	3	3.00	742,123	-	-	742,123	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(353,294)	-	-	(353,294)	-	-	-
<b>Subtotal</b>	<b>3</b>	<b>3.00</b>	<b>388,829</b>	<b>-</b>	<b>-</b>	<b>388,829</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	509,539	-	-	509,539	-	-	-
State Gov't & Services Charges Increase/(Decrease)			2,086,878	-	-	2,086,878	-	-	-

12/16/14  
9:38 AM

Page 27 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page  77

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Financial & Admin Services Division (FASD)  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
<b>Subtotal</b>	-	-	2,596,417	-	-	2,596,417	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(6,639)	-	-	(6,639)	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	<b>61</b>	<b>61.00</b>	<b>22,015,685</b>	<b>-</b>	<b>-</b>	<b>22,015,685</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon  
Financial & Admin Services Division (FASD)  
2015-17 Biennium**

**Governor's Budget  
Cross Reference Number: 45900-500-03-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	<b>61</b>	<b>61.00</b>	<b>22,015,685</b>	-	-	<b>22,015,685</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	<b>61</b>	<b>61.00</b>	<b>22,015,685</b>	-	-	<b>22,015,685</b>	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(308,398)	-	-	(308,398)	-	-	-
101 - Current Service Metrics Staffing Request	1	1.00	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>1</b>	<b>1.00</b>	<b>(308,398)</b>	-	-	<b>(308,398)</b>	-	-	-
<b>Total 2015-17 Governor's Budget</b>	<b>62</b>	<b>62.00</b>	<b>21,707,287</b>	-	-	<b>21,707,287</b>	-	-	-
Percentage Change From 2013-15 Leg Approved Budget	1.64%	1.91%	14.73%	-	-	14.73%	-	-	-
Percentage Change From 2015-17 Current Service Level	1.64%	1.64%	-1.40%	-	-	-1.40%	-	-	-

12/16/14  
9:38 AM

Page 29 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 79

2015-17

107BF02



# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Information Services Division  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	74	74.00	22,958,805	-	-	22,958,805	-	-	-
2013-15 Emergency Boards	-	-	1,756,895	-	-	1,756,895	-	-	-
<b>2013-15 Leg Approved Budget</b>	<b>74</b>	<b>74.00</b>	<b>24,715,700</b>	-	-	<b>24,715,700</b>	-	-	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(2)	(2.00)	62,187	-	-	62,187	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	<b>72</b>	<b>72.00</b>	<b>24,777,887</b>	-	-	<b>24,777,887</b>	-	-	-
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	28,120	-	-	28,120	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	64,882	-	-	64,882	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>93,002</b>	<b>-</b>	<b>-</b>	<b>93,002</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(2,894,250)	-	-	(2,894,250)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(2,894,250)</b>	<b>-</b>	<b>-</b>	<b>(2,894,250)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	291,683	-	-	291,683	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>291,683</b>	<b>-</b>	<b>-</b>	<b>291,683</b>	<b>-</b>	<b>-</b>	<b>-</b>

12/16/14  
9:38 AM

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Information Services Division  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(193,317)	-	-	(193,317)	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	<b>72</b>	<b>72.00</b>	<b>22,075,005</b>	-	-	<b>22,075,005</b>	-	-	-

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Information Services Division**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-500-04-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	<b>72</b>	<b>72.00</b>	<b>22,075,005</b>	-	-	<b>22,075,005</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	<b>72</b>	<b>72.00</b>	<b>22,075,005</b>	-	-	<b>22,075,005</b>	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(355,076)	-	-	(355,076)	-	-	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	3	3.00	1,914,399	-	-	1,914,399	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	3,281,250	-	-	3,281,250	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	1,581,200	-	-	1,581,200	-	-	-
<b>Subtotal Policy Packages</b>	<b>3</b>	<b>3.00</b>	<b>6,421,773</b>	-	-	<b>6,421,773</b>	-	-	-
<b>Total 2015-17 Governor's Budget</b>	<b>75</b>	<b>75.00</b>	<b>28,496,778</b>	-	-	<b>28,496,778</b>	-	-	-
Percentage Change From 2013-15 Leg Approved Budget	1.35%	1.35%	15.30%	-	-	15.30%	-	-	-
Percentage Change From 2015-17 Current Service Level	4.17%	4.17%	29.09%	-	-	29.09%	-	-	-

12/16/14  
9:38 AM

Page 32 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 82

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Customer Services Division  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-05-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	122	121.26	19,497,147	-	-	19,497,147	-	-	-
2013-15 Emergency Boards	(6)	(6.00)	(37,503)	-	-	(37,503)	-	-	-
<b>2013-15 Leg Approved Budget</b>	<b>116</b>	<b>115.26</b>	<b>19,459,644</b>	<b>-</b>	<b>-</b>	<b>19,459,644</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	0.74	19,457	-	-	19,457	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	<b>116</b>	<b>116.00</b>	<b>19,479,101</b>	<b>-</b>	<b>-</b>	<b>19,479,101</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	15,948	-	-	15,948	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	102,069	-	-	102,069	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>118,017</b>	<b>-</b>	<b>-</b>	<b>118,017</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(98,843)	-	-	(98,843)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(98,843)</b>	<b>-</b>	<b>-</b>	<b>(98,843)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	17,869	-	-	17,869	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>17,869</b>	<b>-</b>	<b>-</b>	<b>17,869</b>	<b>-</b>	<b>-</b>	<b>-</b>

12/16/14  
9:38 AM

Page 33 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_\_ Agency Request

  X   Governor's

\_\_\_\_ Legislatively Adopted

Budget Page 83

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Customer Services Division**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-500-05-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	91,544	-	-	91,544	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	<b>116</b>	<b>116.00</b>	<b>19,607,688</b>	<b>-</b>	<b>-</b>	<b>19,607,688</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon**  
**Customer Services Division**  
**2015-17 Biennium**

**Governor's Budget**  
**Cross Reference Number: 45900-500-05-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	<b>116</b>	<b>116.00</b>	<b>19,607,688</b>	-	-	<b>19,607,688</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	<b>116</b>	<b>116.00</b>	<b>19,607,688</b>	-	-	<b>19,607,688</b>	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(221,848)	-	-	(221,848)	-	-	-
101 - Current Service Metrics Staffing Request	4	4.00	504,377	-	-	504,377	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	7	7.00	956,875	-	-	956,875	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>11</b>	<b>11.00</b>	<b>1,239,404</b>	-	-	<b>1,239,404</b>	-	-	-
<b>Total 2015-17 Governor's Budget</b>	<b>127</b>	<b>127.00</b>	<b>20,847,092</b>	-	-	<b>20,847,092</b>	-	-	-
Percentage Change From 2013-15 Leg Approved Budget	9.48%	10.19%	7.13%	-	-	7.13%	-	-	-
Percentage Change From 2015-17 Current Service Level	9.48%	9.48%	6.32%	-	-	6.32%	-	-	-

12/16/14  
9:38 AM

Page 35 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 85

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Policy Planning Legislative Analysis Division  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-06-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	16	16.00	4,641,777	-	-	4,641,777	-	-	-
2013-15 Emergency Boards	(16)	(16.00)	(4,641,777)	-	-	(4,641,777)	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	-	-	-	-	-	-	-

12/16/14  
 9:38 AM

Page 36 of 40

BDV104 - Biennial Budget Summary  
 BDV104

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 86

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Policy Planning Legislative Analysis Division  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-06-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	-	-	-	-	-	-	-
<b>Total 2015-17 Governor's Budget</b>	-	-	-	-	-	-	-	-	-
Percentage Change From 2013-15 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

12/16/14  
 9:38 AM

Page 37 of 40

BDV104 - Biennial Budget Summary  
 BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 87



# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

**Public Employees Retirement System, Oregon  
Policy, Planning & Communications Division  
2015-17 Biennium**

**Governor's Budget  
Cross Reference Number: 45900-500-07-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	-	-	-	-	-	-	-
2013-15 Emergency Boards	27	27.00	6,959,017	-	-	6,959,017	-	-	-
<b>2013-15 Leg Approved Budget</b>	<b>27</b>	<b>27.00</b>	<b>6,959,017</b>	<b>-</b>	<b>-</b>	<b>6,959,017</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2015-17 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(1)	(1.00)	(145,064)	-	-	(145,064)	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2015-17 Base Budget</b>	<b>26</b>	<b>26.00</b>	<b>6,813,953</b>	<b>-</b>	<b>-</b>	<b>6,813,953</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	7,325	-	-	7,325	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	22,519	-	-	22,519	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>29,844</b>	<b>-</b>	<b>-</b>	<b>29,844</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(100,100)	-	-	(100,100)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(100,100)</b>	<b>-</b>	<b>-</b>	<b>(100,100)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	89,876	-	-	89,876	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>89,876</b>	<b>-</b>	<b>-</b>	<b>89,876</b>	<b>-</b>	<b>-</b>	<b>-</b>

12/16/14  
9:38 AM

Page 38 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

X  Governor's

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Budget Page 88

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Policy, Planning & Communications Division  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-07-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	3,171	-	-	3,171	-	-	-
<b>Subtotal: 2015-17 Current Service Level</b>	<b>26</b>	<b>26.00</b>	<b>6,836,744</b>	<b>-</b>	<b>-</b>	<b>6,836,744</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2015-17 Biennium Budget

Public Employees Retirement System, Oregon  
 Policy, Planning & Communications Division  
 2015-17 Biennium

Governor's Budget  
 Cross Reference Number: 45900-500-07-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2015-17 Current Service Level</b>	<b>26</b>	<b>26.00</b>	<b>6,836,744</b>	-	-	<b>6,836,744</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2015-17 Current Service Level</b>	<b>26</b>	<b>26.00</b>	<b>6,836,744</b>	-	-	<b>6,836,744</b>	-	-	-
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
081 - September 2014 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(81,440)	-	-	(81,440)	-	-	-
101 - Current Service Metrics Staffing Request	-	-	-	-	-	-	-	-	-
102 - Fully Integrating IAP into ORION-Ph III	-	-	-	-	-	-	-	-	-
103 - Enhanced Staffing for Data Verification	-	-	-	-	-	-	-	-	-
104 - Technology Maintenance & Enhancements	-	-	-	-	-	-	-	-	-
105 - Disaster Recovery Infrastructure Upgrade	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	<b>(81,440)</b>	-	-	<b>(81,440)</b>	-	-	-
<b>Total 2015-17 Governor's Budget</b>	<b>26</b>	<b>26.00</b>	<b>6,755,304</b>	-	-	<b>6,755,304</b>	-	-	-
Percentage Change From 2013-15 Leg Approved Budget	-3.70%	-3.70%	-2.93%	-	-	-2.93%	-	-	-
Percentage Change From 2015-17 Current Service Level	-	-	-1.19%	-	-	-1.19%	-	-	-

12/16/14  
9:38 AM

Page 40 of 40

BDV104 - Biennial Budget Summary  
BDV104

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 90

# BUDGET NARRATIVE

## Program Prioritization for 2015-17

### PROGRAM PRIORITIZATION FOR 2015-17

Public Employees Retirement System																					
2015-2017 Biennium																			Agency Number: 45900		
Retirement, Death & Disability Program																					
Program/Division Priorities for 2015-2017 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
1	1	PERS	CH 238	Tier One and Tier Two Programs	KPM #1, 2, 3, 4, 6, 7 & 8	4			7,339,085,328			\$ 7,339,085,328				N	C	Article 1	See below	No Changes to CSL -	
1	1	PERS	OPSRP-IAP	Individual Account Program	KPM #1, 2, 3, 4, 6, 7 & 8	4			644,434,206			\$ 644,434,206				N	C	Article 1	See below	No Changes to CSL -	
1	1	PERS	OPSRP-DB	Pension Program	KPM #1, 2, 3, 4, 6, 7 & 8	4			16,844,601			\$ 16,844,601				N	C	Article 1	See below	No Changes to CSL -	
			OPSRP-IAP	Third Party Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4			4,580,434			\$ 4,580,434				N	S	ORS 238 A		No Changes to CSL -	
			Admin	Central Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4			3,374,278			\$ 3,374,278	9	9.00		Y	S	ORS 237,238, & 238A		No Changes to CSL -	
			BPD	Benefit Payments Division	KPM #1, 2, 3, 4, 6, 7 & 8	4			13,484,716			\$ 13,484,716	79	79		Y	S	ORS 237,238, & 238A		ARB Policy Pkg. 101	
			FSD	Fiscal Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4			18,027,384			\$ 18,027,384	49	48.75		Y	S	ORS 237,238, & 238A		ARB Policy Pkg. 101	
			ISD	Information Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4			22,075,005			\$ 22,075,005	72	72		Y	S	ORS 237,238, & 238A		ARB Policy Pkg. 102, 104 & 105	
			CSD	Customer Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4			19,607,688			\$ 19,607,688	116	116		Y	S	ORS 237,238, & 238A		ARB Policy Pkg. 101 & 103	
			PPCD	Policy, Planning, Communications Division	KPM #1, 2, 3, 4, 6, 7 & 8	4			6,836,744			\$ 6,836,744	26	26		Y	S	ORS 237,238, & 238A		No Changes to CSL -	
									83,405,815			\$ 8,004,944,569									
												\$ 8,088,350,384	351	350.75							

**7. Primary Purpose Program/Activity Exists**

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

**19. Legal Requirement Code**

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

**Document criteria used to prioritize activities:**

PERS administers a single integrated system of retirement, disability and death benefits for employees of public employers throughout Oregon. Business processes, service delivery and support functions for the Retirement, Disability and Death Program are integrated across the divisions (detailed cross references) of the agency. Oregon courts have established that members have a contract right to these benefit programs and, as such, those rights cannot be impaired by law, in accordance with the Oregon Constitution's Article 1. The Retirement, Disability and Death Program is the agency's top priority.

This program frees public employers from the administrative burden of administering individual retirement plans. Economy of scale savings produced. Single plan across the state provides mobility for trained public servants. Provides the Oregon Legislature with the ability to influence public pension policy on a statewide basis.

ORS 237, 238, 238A To ensure the PERS retirement plan remains in compliance with federally mandated pension plan standards, ORS 238.630(3)(g) directs the PERS Board, "shall adopt rules and take all actions necessary to maintain qualification of the Public Employees Retirement System and the Public Employees Retirement Fund as a qualified governmental retirement plan and trust under the Internal Revenue Code and under regulations adopted pursuant to the Internal Revenue Code. Rules under this paragraph may impose limits on contributions to the system, limits on benefits payable from the system and other limitations or procedures required or imposed under federal law or regulation for the purpose of qualification of the Public Employees Retirement System and Public Employees Retirement Fund under the Internal Revenue Code as a governmental plan and trust."

2015-17

Program 1

107BF23

\_\_\_ Agency Request

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\_\_\_ Legislatively Adopted

Budget Page 91

2015-17

107BF02

# BUDGET NARRATIVE

## PROGRAM PRIORITIZATION FOR 2015-2017

Public Employees Retirement System																			Agency Number: 45900			
2015-17 Biennium																						
PERS Retiree Health Insurance Program																						
Program/Division Priorities for 2015-17 Biennium																						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request		
Agcy	Prgm/ Div																					
2	2	PERS	RHIA	Retirement Health Insurance Account	KPM # 2, 3, 6 & 8							62,754,704					N	S	ORS 238.420	No Changes to CSL -		
2	2	PERS	RHIPA	Retirement Health Insurance Premium Account	KPM # 2, 3, 6 & 8							9,438,728					N	S	ORS 238.415	No Changes to CSL -		
2	2	PERS	SRHIA	Standard Retiree Health Insurance Account	KPM # 2, 3, 6 & 8							336,810,273					N	S	ORS 238.410	No Changes to CSL -		
			Admin	Third Party Administration	KPM # 2, 3, 6 & 8							62,165,726					N	S	ORS 237,238, & 238A	No Changes to CSL -		
			FSD	Fiscal Services Division	KPM # 2, 3, 6 & 8			1,647,489				\$ 1,647,489	2	2.00			Y	S	ORS 237,238, & 238A	No Changes to CSL -		
												\$ -										
												\$ -										
								1,647,469	471,169,431			\$ 472,816,900	2	2.00								

### 7. Primary Purpose Program/Activity Exists

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

### 19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

#### Document criteria used to prioritize activities:

The PERS Retiree Health Insurance Programs provide health care insurance protection to eligible members. A Medicare health insurance supplement is also provided. Business processes, service delivery and support functions for the Retiree Health Insurance Program are integrated across the divisions (detailed cross references) of the agency. The Health Insurance Program is the agency's second priority.

This program frees public employers from the administrative burden of administering individual retirement plans with specialized health insurance rules. Economy of scale savings produced. Single plan across the state provides mobility for trained public servants. Provides the Oregon Legislature with the ability to influence public employee health insurance policy on a statewide basis.

ORS 238.410, 415, 420 To ensure the Health Insurance plan remains in compliance with federally mandated pension plan standards ORS 238.630(3)(g) directs the PERS Board, "Shall adopt rules and take all actions necessary to maintain qualification of the Public Employees Retirement System and the Public Employees Retirement Fund as a qualified governmental retirement plan and trust under the Internal Revenue Code and under regulations adopted pursuant to the Internal Revenue Code. Rules under this paragraph may impose limits on contributions to the system, limits on benefits payable from the system and other limitations or procedures required or imposed under federal law or regulation for the purpose of qualification of the Public Employees Retirement System and Public Employees Retirement Fund under the Internal Revenue Code as a governmental plan and trust."

2015-17

Program 2

107BF23

\_\_\_ Agency Request

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Budget Page 92

# BUDGET NARRATIVE

## PROGRAM PRIORITIZATION FOR 2015-17

Public Employees Retirement System																						
2015-17 Biennium																			Agency Number:		45900	
Deferred Compensation Program																						
Program/Division Priorities for 2015-17 Biennium																						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL Included in Agency Request		
Agcy	Prgm/ Div																					
3	PERS	OSGP	Deferred Compensation Program - Oregon Savings Growth Plan (OSGP)	KPM # 2, 3, 5, 6 & 8	4							\$ -					S	ORS 243.401 - 243.507		ORS 243.472 - See explanation below		
		FSD	Fiscal Services Division	KPM # 2, 3, 5, 6 & 8	4			2,295,960				\$ 2,295,960	9	10.00		Y		ORS 243.401 - 243.507		No Changes to CSL -		
												\$ -										
												\$ -										
												\$ -										
												\$ -										
												\$ -										
								2,295,960				\$ 2,295,960	9	10.00								

**7. Primary Purpose Program/Activity Exists**

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

**19. Legal Requirement Code**

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

**Document criteria used to prioritize activities:**

ORS 243.401 - 243.507 The Deferred Compensation Program provides an IRS approved plan for deferral of compensation payable to participants and deferral of income taxes on that compensation. This program is fully funded by the Deferred Compensation Fund. Fund dollars come solely from participant contributions. Administrative costs outside the Deferred Compensation Section are recovered from the fund. The Deferred Compensation Program is the agency's third budget priority.

PERS annually processes \$52.9 million in deferred compensation benefits and \$70.5 million in deferred compensation contributions. Statute directs the plan to be run for benefit of members with as low of fees as possible. A supplemental retirement plan, providing this service through PERS assists members in better planning for their financial needs in retirement.

A total of 22,712 members and their dependents directly benefit from this program. A total of 98,001 State and Local employees indirectly benefit from the availability of this program. In addition to the State of Oregon, 116 local government employers also benefit by having PERS provide this supplemental plan for the benefit of their employees, removing the administrative burden from the employer while providing additional retirement services to the employer's staff.

ORS 243.472 Deferred compensation benefit payments, and amounts payable as refunds, shall not for any purpose be deemed expenses of the board and shall not be included in its biennial departmental budget.

2015-17

Program 3

107BF23

\_\_\_ Agency Request

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Budget Page 93









## BUDGET NARRATIVE

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

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
1. Eliminate toll-free telephone line	Eliminates toll-free telephone line, requiring members, employers and retirees outside of the Portland area to personally incur long-distance charges for contacting PERS by telephone. (Amount based on 160,000 calls averaging 10 minutes per call, at \$.06 per minute)	\$96,000 Other Funds	Toll-free telephone line is provided to facilitate customer service for statewide population of members, employers and retirees. Eliminating the toll-free number will not change the nature of the service customers receive, but will hamper customer access to that service, challenging this Agency's Key Performance Measure (KPM) #6 - 80% of customers rating service as "good" or "excellent."
2. Eliminate printed newsletter for active members	Eliminates publication and mailing of Agency newsletter to active PERS members	\$35,000 Other Funds	Eliminates a cost-effective communication tool that pushes information to active members in furtherance of this Agency's KPM #6 - Customer Service. The Newsletter would continue to be available on the PERS website for those active members with Internet access.
3. Reduce employee overtime, and use of temporary staffing	Reduces overtime and use of temporary staffing by 50% supporting Customer Services program.	\$431,256 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.

2015-17

208BF17

\_\_\_ Agency Request

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Budget Page 97

## BUDGET NARRATIVE

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
4. Reduce AG fees	Limits legal sufficiency review to contracts over \$150,000 (per OAR 137-045-0030 requirements), and decreases litigation support.	\$165,710 Other Funds	Decreased legal sufficiency review and DOJ litigation support will increase risk to the Agency. Staff will provide policy direction and contract services without complete resolution of legal issues, or in a less timely manner, resulting in reduced Customer Service (KPM #6), and making achievement of KPM #8 (meeting 100% of Board Best Practice criteria) less likely.
5. Reduce IT contracting budget and professional services.	Reduces IT contracting budget and professional services for Agency projects by 50%.	\$1,254,176 Other Funds	Decreases the Agency's timeliness and efficiency in implementing IT modifications, such as in response to legislative changes or process improvements, increasing Total Benefit Admin. Costs (KPM #2), and hindering achievement of KPM #8 - Board Best Practices.,
6. Reduce IT systems and equipment upgrades	Reduces system modifications / upgrades, scheduled replacement of IT hardware, software and ancillary equipment.	\$506,517 Other Funds	Increases risk of failed network and desktop equipment, and service delays, hindering the Agency's ability to achieve KPM #6 – Customer Service.

2015-17

208BF17

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Budget Page 98