

## BUDGET NARRATIVE

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
7. Reduce Information Technology training plan	Eliminates training not related to support and maintenance of jClarety.	\$131,000 Other Funds	Reduces consistent and up-to-date training, increasing the risk of inconsistent or inaccurate Agency processes. Impedes progress on KPM #8 - Board Best Practices.
8. Reduce office supplies (S&S)	Reduces office supplies support to all divisions and sections.	\$16,095 Other Funds	Challenges the Agency's ability to meet customers and business lines' needs, hindering the Agency's ability to achieve KPM #6 - Customer Service.
9. Reduce expert witness and Independent Medical Exam (IME) support	Reduces professional services expert witness and IME contract budget for disability claim review / determination.	\$169,919 Other Funds	Forces Agency to be more reliant on member's medical evaluations instead of independent reviews, leading to increased potential for fraud or abuse. Inconsistent with KPM #8 - Board Best Practices.
10. Reduce centrally coordinated mail services and supply ordering/delivery	Eliminates position supporting mail services, supply ordering and delivery. (1 position - 1.00 FTE)	\$103,909 Other Funds	Decreases mail and supply delivery, increases Agency response time to customer correspondence, and increases risk of inconsistent ordering practices and outcomes. Hinders the Agency's ability to achieve KPM #1 - 80% of initial benefit payment within 45 days, KPM #7 - 95% of benefit estimates within 30 days, and KPM #6 - Customer Service.

2015-17

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\_\_\_ Agency Request

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## BUDGET NARRATIVE

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
11. Reduce Agency training support	Eliminates 1 position responsible for coordination and delivery of training plans and materials. (1 position - 1.00 FTE)	\$161,688 Other Funds	Reduces consistent and up-to-date training, increasing the risk of inconsistent or inaccurate Agency processes. Impedes progress on KPM #8 - Board Best Practices.
12. Reduce disability program support	Eliminates 2 positions processing IME documentation and disability claims (2 position – 2.00 FTE)	\$251,599 Other Funds	Increases risk of inappropriate claim determinations, and costs that could lead to benefit fraud or abuse, as well as increasing the time needed for disability claim processing. Hinders the Agency's ability to achieve KPM #1 - Timely Retirement Payments, KPM #6 - Customer Service, and KPM #7 - Timely Benefit Estimates.
13. Reduce divorce section program support	Eliminates 1 position processing divorce decrees. (1 position – 1.00 FTE)	\$139,966 Other Funds	Increases time needed for disability claim processing and customer response time, hindering the Agency's ability to achieve KPM #1 - Timely Retirement Payments, KPM #6 - Customer Service, and KPM #7 - Timely Benefit Estimates.

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
14. Eliminate Health Insurance Program administrative support	Eliminates 1 position providing administrative support to Health Insurance Program Manager. (1 position – 1.00 FTE)	\$128,195 Other Funds	Increases response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #1 - Timely Retirement Payments, and KPM #6 - Customer Service.
15. Eliminate Customer Services Division administrative support	Eliminates 2 positions providing administrative support for Customer Services Division. (2 positions – 2.00 FTE)	\$232,104 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 - Customer Service.
16. Eliminate Fiscal Services Division executive support	Eliminates 1 position providing executive support to Chief Financial Officer, Fiscal Services Division managers and staff. (1 positions – 1.00 FTE)	\$112,710 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 – Customer Service.
17. Eliminate Deputy Director executive support	Eliminates 1 position providing executive support to Deputy Director. (1 position – 1.00 FTE)	\$121,250 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.

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
18. Reduce Social Security Program support	Eliminates 1 position responsible for Social Security Program support for employers regarding Program updates, changes in regulations, and new rules. (1 position – 1.00 FTE)	\$201,979 Other Funds	Eliminates FTE used to support state’s responsibility to administer federal Social Security program. Position functions would be spread among Agency staff or directed to another Agency, increasing benefit administration costs counter to KPM #2 - Total Benefit Admin. Costs, and hindering the Agency’s ability to achieve KPM #6 - Customer Service.
19. Reduce IT quality assurance and metrics engineering program support	Eliminates 1 QA Project Manager position, and 1 IT metrics engineering position. (2 positions – 2.00 FTE)	\$518,999 Other Funds	Eliminates resources used to improve Agency quality and accountability on operations and projects. Prevents efforts to reduce Agency costs in support of KPM #2 - Total Benefit Costs, and impedes progress on KPM #8 - Board Best Practices.

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## BUDGET NARRATIVE

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
20. Eliminate Deferred Compensation Program support in Salem	Eliminates 2 program support positions, closes Salem office, and reassigns staff to Tigard office. (2 positions – 2.00 FTE)	\$479,522 Other Funds	Increases time needed to complete work and response time to the Agency’s customers, risks limiting the Deferred Compensation Program’s growth, and eliminates local presence and direct customer service in Salem. Impedes efforts to achieve KPM #5 - Increase participation to 39%, as well as hindering progress on KPM #6 - Customer Service.
21. Reduce IT systems development support	Eliminates 3 developer positions supporting Agency projects. (3 positions – 3.00 FTE)	\$594,365 Other Funds	Decreases Agency timeliness and efficiency in implementing IT modifications, such as in response to legislative changes or process improvements, increasing Total Benefit Admin. Costs (KPM #2), hindering achievement of KPM #8 - Board Best Practices.
22. Reduce fiscal services program support	Eliminates 1 accounting position supporting general ledger transactions, journal entries for jClarety activity, and reconciliation of employer and member accounts. (1 position – 1.00 FTE)	\$167,854 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, hindering progress on KPM #8 - Board Best Practices.

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## BUDGET NARRATIVE

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
23. Reduce tax accounting program support	Eliminates 1 accountant position supporting financial reporting, and federal and state tax compliance. (1 positions – 1.00 FTE)	\$221,475 Other Funds	Increases time needed to complete work, and risks of untimely tax compliance, reporting, and remittance, contrary to KPM #8 - Board Best Practices.
24. Discontinue specialized judge retirement program support	Eliminates 1 counselor/specialist processing judge retirements. (1 position – 1.00 FTE)	\$146,427 Other Funds	Increase time needed to complete work, and risks associated with decreased level of expertise processing judge retirements, hindering the Agency's ability to achieve KPM #6 – Customer Service.
25. Reduce Contracts and Procurement program support	Eliminates 1 procurement assistant support position. (1 position – 1.00 FTE)	\$153,594 Other Funds	Increases time needed to complete work, response time to customers and contract file audit risks, hindering progress on KPM #8 – Board Best Practices.
26. Reduce IT application / software engineering program support	Eliminates 1 position supporting IT applications, and 1 position supporting Agency-wide software configuration engineering. (2 positions – 2.00 FTE)	\$341,810 Other Funds	Increases time needed to complete work, and risks for the Agency's business lines related to systems and desktop performance, as well as increases administration costs, contrary to KPM #2.

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## BUDGET NARRATIVE

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
27. Reduce imaging and records management program support	Eliminates 2 imaging and records management positions. (2 positions – 2.00 FTE)	\$192,892 Other Funds	Increases time needed for work completion and response time to the Agency’s customers and business lines, hindering the Agency’s ability to achieve KPM #6 - Customer Service.
28. Reduce program management and IT systems technical support	Eliminates 3 positions supporting Customer Services program management, productivity enhancements problem resolution / troubleshooting. (3 positions – 3.00 FTE)	\$504,154 Other Funds	Increases time needed for work completion and response time to the Agency’s customers and business lines, hindering the Agency’s ability to achieve KPM #6 - Customer Service.
29. Reduce benefit estimate and data validation program support	Eliminates 1 position supporting benefit estimates, and 1 position supporting data validation. (2 positions – 2.00 FTE)	\$280,378 Other Funds	Increases time needed for work completion and response time to the Agency’s customers and business lines, hindering the Agency’s ability to achieve KPM #6 - Customer Service.
30. Reduce business rules coordination program support	Eliminates 1 position providing Agency-wide coordination of business rules. (1 position – 1.00 FTE)	\$231,685 Other Funds	Increases time needed for work completion and response time to the Agency’s customers and business lines, hindering the Agency’s ability to achieve KPM #8 - Board Best Practices.

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## BUDGET NARRATIVE

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

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
31. Reduce BAIP Tech Team	Eliminates 1 position. (1 position – 1.00 FTE)	\$192,733 Other Funds	Eliminates resources used to improve Agency quality and accountability on the RIMS Conversion Project (RCP). Prevents efforts to reduce Agency costs in support of KPM #2 - Total Benefit Admin. Costs, and conform to KPM #8 - Board Best Practices.
32. Reduce Actuarial service program support	Eliminates 1 position (1 position – 1.00 FTE)	\$183,263 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, hindering progress on KPM #8 - Board Best Practices.
33. Reduce BPD RSS Support	Eliminates 1 position (1 position – 1.00 FTE)	\$153,594 Other Funds	Increases time needed making adjustments to service retirements, hindering the Agency's ability to achieve KPM #6 - Customer Service.
34. Reduce CSD Call Center Support	Eliminates 1 position (1 position – 1.00 FTE)	\$153,594 Other Funds	Increases call waiting time, call abandonment, and hinders the Agency's ability to achieve KPM #6 - Customer Service.
<b>Totals</b>	<b>(36 Positions 36.00 FTE)</b>	<b>\$8,775,412 Other Funds</b>	

9.89% of 364 CSL Positions

10.00% of \$87,754,116 CSL

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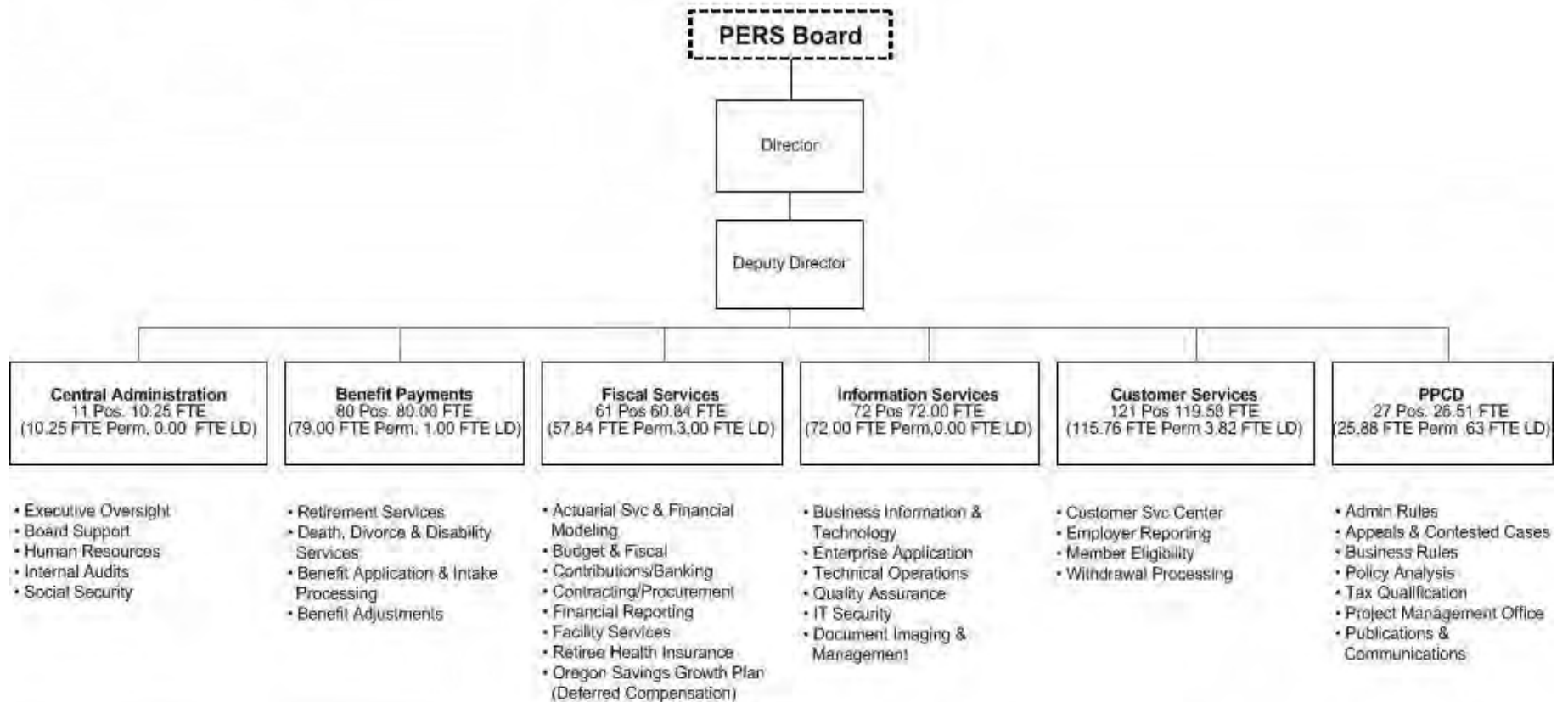


# BUDGET NARRATIVE

## 2013-15 Organization Chart

### Public Employees Retirement System 2013-15 Legislatively Approved Budget

372 Positions  
369.18 FTE



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X Governor's

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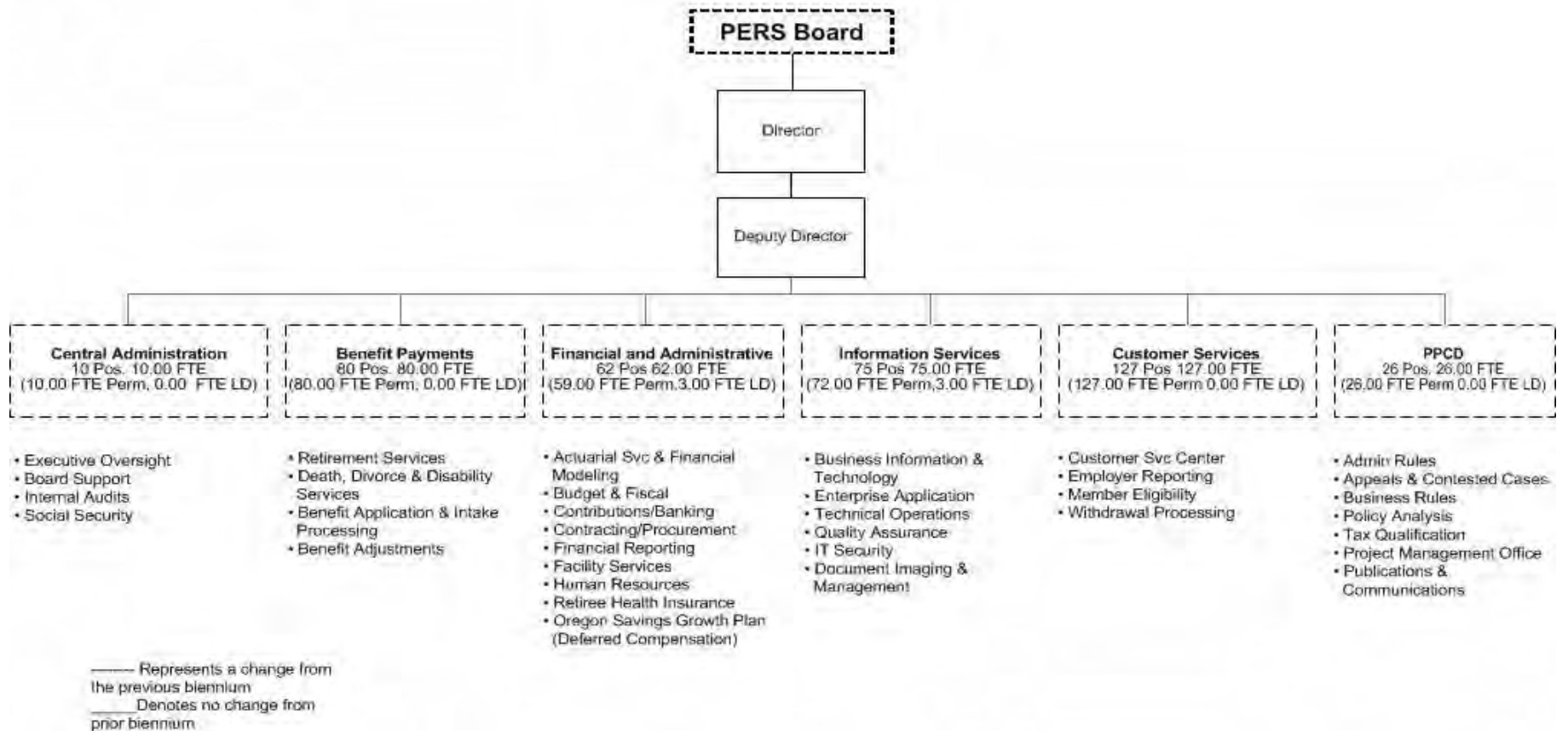
# BUDGET NARRATIVE

## 2015-17 Organization Chart

### Public Employees Retirement System 2015-17 Governor's Budget

380 Positions

380.00 FTE



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# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Program Unit Summary  
2015-17 Biennium**

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

Summary Cross Reference Number	Cross Reference Description	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
010-01-00-00000	<b>Tier One and Tier Two Pension Programs</b>						
	Other Funds	6,854,601,568	8,132,200,000	8,132,200,000	7,339,085,328	8,095,560,862	-
010-02-00-00000	<b>Retirement Health Insurance Programs</b>						
	Other Funds	449,860,818	408,661,000	408,661,000	471,169,431	558,094,445	-
010-03-00-00000	<b>Oregon Public Service Retirement Pension Pgm</b>						
	Other Funds	11,141,211	15,814,000	15,814,000	16,844,601	26,778,864	-
010-04-00-00000	<b>Individual Account Program (IAP)</b>						
	Other Funds	461,093,184	721,200,000	721,200,000	649,014,640	873,488,891	-
300-00-00-00000	<b>Operations</b>						
	Other Funds	-	1,181,620	-	-	-	-
400-00-00-00000	<b>Debt Service</b>						
	Other Funds	4,426,899	1,302,850	1,302,850	1,290,750	1,290,750	-
500-01-00-00000	<b>Central Administration</b>						
	Other Funds	2,273,544	4,742,801	3,456,375	3,634,278	3,689,892	-
500-02-00-00000	<b>Benefit Payments Division</b>						
	Other Funds	11,233,344	12,826,121	13,339,611	13,624,422	13,485,049	-
500-03-00-00000	<b>Financial &amp; Admin Services Division (FASD)</b>						
	Other Funds	17,476,710	16,851,223	18,920,783	22,670,629	21,707,287	-

Agencywide Program Unit Summary - BPR010

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# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

**Agencywide Program Unit Summary  
2015-17 Biennium**

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

Summary Cross Reference Number	Cross Reference Description	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
500-04-00-00000	<b>Information Services Division</b>						
	Other Funds	20,758,784	22,958,805	24,715,700	28,851,854	28,496,778	-
500-05-00-00000	<b>Customer Services Division</b>						
	Other Funds	16,297,739	19,497,147	19,459,644	21,985,871	20,847,092	-
500-06-00-00000	<b>Policy Planning Legislative Analysis Division</b>						
	Other Funds	-	4,641,777	-	-	-	-
500-07-00-00000	<b>Policy, Planning &amp; Communications Division</b>						
	Other Funds	5,690,924	-	6,959,017	6,892,126	6,755,304	-
<b>TOTAL AGENCY</b>							
	Other Funds	7,854,854,725	9,361,877,344	9,366,028,980	8,575,063,930	9,650,195,214	-

Agencywide Program Unit Summary - BPR010

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# BUDGET NARRATIVE

## Revenues

### *Revenue Forecast Discussion*

#### **Revenue Discussion**

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

PERS expects adequate revenues for all programs and activities during the 2015-17 biennium.

#### **Source of Funds**

Revenue sources include investment earnings, contributions, and fees from employers and public employees (members). Primary revenue sources for SRHIA are investment earnings and insurance premiums from retirees or a spouse or dependent of a deceased retired member. PERS derives revenues to fund administrative activities for the Deferred Compensation Program primarily through a participant fee. All revenue is Other Funds and no matching funds are required.

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

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

#### *Investment Earnings*

Historically, investment earnings have provided the largest single source of system revenues. If investment earnings less administrative expenses are below the assumed earnings rate at the end of the calendar year, the regular accounts of Tier One members and alternate payees of those members will be credited the assumed rate and the difference made up from the Tier One Rate Guarantee Reserve. Any earnings from those accounts in excess of the assumed earnings rate shall first be deposited in that reserve until the reserve is fully funded with amounts determined by the PERS Board based on advice from the PERS' actuary. Both earnings and losses are distributed to members' accounts that have variable annuity accounts (ORS 238.260) and/or Tier Two

## BUDGET NARRATIVE

members' regular accounts and their alternate payees. The Board may draw out of interest and investment income an amount to remain in the Fund and constitute one or more reserve accounts (ORS 238.670). Each member's Individual Account, as described in ORS 238A.350, is adjusted annually in accordance with rules adopted by the Board to reflect any net earnings or losses less administrative costs of maintaining the program. Investment earnings, after adjustment for administrative costs, are also credited to the OPSRP and Chapter 238 employer and Benefits In Force reserves.

### *Employee/Employer Contributions*

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Employee contributions prior to January 1, 2004 were credited to members' accounts as directed by ORS 238.250 and 238.260. The employee contribution rate for PERS is six percent of PERS-covered salary (Judge members rate is seven percent).

An employer's contributions are credited to their own employer account or to the pool in which the employer participates. A portion of employer Chapter 238 Program contributions is credited to the RHIA and RHIPA retiree health care programs in accordance with ORS 238.415 and ORS 238.420. Employer contribution rates effective July 1, 2013 were originally based on the December 31, 2011 actuarial valuation. At its May 31, 2013 meeting, the PERS Board approved the approach for adjusting employer rates as directed by the budget note to Senate Bill 822 (2013 Regular Session) and the recalculated rates were distributed to employers in mid-June. Employer contribution rates effective July 2015 were adopted at the Board's meeting on September 26, 2014, and were based on the December 31, 2013 actuarial valuation.

Employer rates, as a percent of PERS-covered salary, effective July 1, 2013 and 2015 are:

<b>PERS Chapter 238 Program</b>	<b>July 2013*</b>	<b>July 2015*</b>
State Agencies	10.81%	13.20%
State and Local Government Rate Pool	15.76%	18.76%
School Pool	22.14%	21.72%
Political Subdivisions (non-pooled)	14.14%	18.04%
Judiciary	18.44%	15.03%
<b>OPSRP Chapter 238A Program</b>		
General Service Pool (all employers)	6.42%	7.94%
Police and Fire Pool (all employers)	9.15%	12.05%

\*The rates listed are gross employer rates. Certain schools, community colleges, and political subdivisions have established side accounts. Their contribution rates have been reduced and are lower than the rates shown above. Both 2013 and 2015 State Agencies rates reflect the offset from the UAL payment made in 2003.

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

The revenues for the administration of the Benefit Equalization Fund (BEF) and the Social Security Program are derived from fees assessed to those employers receiving services from these programs. Administrative fees are reviewed and adjusted annually based on expected numbers of participating employers and projected administrative expenses. Currently, the employers of the Benefit Equalization Fund are charged \$155 per month per participant (retirees receiving benefits in excess of IRS limits) and a one-time initial setup fee of \$750 per participant. Employers of the Social Security Program are charged an annual administration fee of \$0.50 per employee or \$15 minimum, whichever is higher.

### **Standard Retiree Health Insurance Account Revenue**

Revenues for the Standard Retiree Health Insurance Account (SRHIA) are received from plan participants and used by the Board only to pay the cost of health insurance coverage and to pay the administrative costs incurred by the Board in administering health insurance coverage for eligible persons as defined in 238.410(b). ORS 238.410 established SRHIA as a public entity risk pool. SRHIA is both a risk sharing and insurance purchasing pool. The Board contracts for medical and hospital insurance on behalf of retired members. Members and their dependents are eligible for PERS healthcare coverage if the member is receiving a retirement allowance or benefit under the System. A surviving spouse or dependent of a PERS retiree is eligible to participate if he or she was covered under the health plan at the time of the retiree's death.

The PERS' Retiree Health Insurance Program offers a variety of medical health insurance carriers and two dental plan carriers for both Medicare healthcare plans and non-Medicare healthcare plans. Rates vary depending on the plan option selected by the participants. PERS has contracted with various carriers on an insurance purchasing basis and remits premiums collected from participating members to the carriers. PERS has contracted with Oregon Dental Service (ODS) for claims payment services for a maximum claims risk sharing plan and also remits premiums monthly for stop-loss coverage.

### **Deferred Compensation Program**

PERS may assess a charge to the participants not to exceed 2 percent on amounts deferred, both contributions and investment earnings, to cover costs incurred for administering the program. The annual participant fee is currently .08 percent (.0008) of participant assets held in the trust. At this time, PERS does not anticipate a fee increase in the 2015-17 biennium. All administrative revenue is Other Funds and no matching funds are required.

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

## BUDGET NARRATIVE

### Basis for 2015-17 Revenue Estimates

Projected investment income is based on taking into consideration several factors- capital markets modeling, prolonged period of slow economic growth, and the actuarial assumed future earnings rate of 7.75 percent annually. Using trend analysis of employer and member contributions, and separately analyzing employer prepayments funding the Unfunded Actuarial Liability (UAL), PERS projected future total contributions based on a system-wide rate average. PERS separated the 6 percent member contribution into the OPSRP Individual Account Program (IAP) from these total projected contributions beginning January 2004. An 8 percent turnover rate, one of PERS' actuarial assumptions, was used to project the number of participants establishing membership in the system on or after August 29, 2003. Projections for future growth in the three health insurance accounts (SRHIA, RHIA, and RHIPA) were also based on using trend analysis.

<b>Public Employees Retirement System Revenues by Source (in millions)</b>				
Fiscal Year	Member Contributions & Insurance Premiums	Employer Contributions *	Net Investment Income or (Loss) and Other Income	Total
2002	443.8	1,030.7	(2,425.6)	(951.1)
2003	467.4	2,621.8	1,469.5	4,558.7
2004	459.9	3,209.9	7,205.7	10,875.5
2005	458.3	855.5	5,756.7	7,070.5
2006	512.8	824.3	7,083.3	8,420.4
2007	542.2	640.9	10,939.7	12,122.8
2008	581.4	792.7	(2,869.3)	(1,495.2)
2009	619.8	680.5	(13,509.9)	(12,209.6)
2010	646.5	457.1	7,705.7	8,809.3
2011	699.3	447.7	11,715.6	12,862.6
2012	719.4	879.9	4,553.3	6,152.6
2013	723.0	884.9	7,621.2	9,229.2
2014	741.0	969.6	10,921.1	12,631.7

\* Employer contributions for fiscal years 2000 and thereafter include employer side account prepayments.

Source of Information: Oregon Public Employees Retirement System, an Agency of the State of Oregon, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013 and June 30, 2014.



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### Other Charges for Services

ORS 237.420 allows PERS to set a rate to cover the costs of administering the Social Security Program. That rate is currently 50 cents per employee per year or \$15, whichever is higher. A total of \$398,000 Other Funds Limited is projected for the 2015-17 biennium.

Employers are invoiced a fee consisting of a \$750 initial set-up charge and a \$155 monthly ongoing administrative fee per participant to fund the administrative costs of the Benefit Equalization Fund (BEF). A total of \$465,395 Other Funds Limited is projected for the 2015-17 biennium.

ORS 238.465(9) charges both the member and the alternate payee an administrative expense in an amount not more than \$300 in total for related costs of obtaining data or making calculations that are necessary by a court-ordered divorce judgment, order, or agreement. PERS estimates a total of \$150,214 Other Funds Limited and \$110,413 Other Funds Non-Limited in the 2015-17 biennium.

ORS 238.610 allows the PERS Board, by rule, to establish procedures for recovering administrative costs from members for services provided in estimating retirement benefit amounts and processing payments if the board determines that the services requested by an individual member result in extraordinary costs to the system. Effective January 1, 2004 PERS established a new charge to the member of \$60 per additional estimate to cover administrative costs of providing members additional retirement benefit estimates after the two allowed at no cost. PERS estimates a total of \$1,000 Other Funds Limited in benefit estimate service charges in the 2015-17 biennium.

PERS collects fees for various other services provided. PERS estimates a total of \$3,500 Other Funds Limited in the 2015-17 biennium based on historical trend analysis.

Projected revenue for the Deferred Compensation Program in the 2015-17 biennium is based on historical data. The participant fee will remain the same and the amount collected is not anticipated to vary significantly from historical patterns. The Local Government Deferred Compensation (ORS 243.474-243.478) and State Deferred Compensation Programs are projected as a single amount, although the revenue sources associated with the Local Government Deferred Compensation Program is insignificant as compared to the State Deferred Compensation program. The total projected revenue is \$2,776,712 in the 2015-17 biennium.

During fiscal year 2011, PERS became aware that the Standard Retiree Health Insurance Account had not been reported in accordance with generally accepted accounting principles in prior fiscal years. Prior to fiscal year 2011, the activity of this account was reported using an Employee Benefit Plan fiduciary fund. PERS determined that activity should be reported in an enterprise fund, thus the financial statements were restated to correct this change in the *Comprehensive Annual Financial Report Oregon Public Employees*

## BUDGET NARRATIVE

*Retirement System, An Agency of the State of Oregon, for the fiscal year ended June 30, 2011.* The revenue activity that was previously reported as member contributions is now reported as insurance premium revenue which is classified as Other Charges for Services at the budget account level. PERS estimates a total of \$488,083,261 Other Funds Non-Limited in insurance premium revenue during the 2015-17 biennium.

### Other Revenue

ORS 238.705 allows PERS to charge employers that are delinquent in remitting contributions one percent per month on the total amount of contributions due. Employers that are delinquent in providing annual reports, or supplying annual employee information, are charged a penalty of the lesser of \$2,000 or 1 percent of the total annual contributions for each month they are late. PERS has temporarily shut off the penalty charges when PERS discovered an error in jClarety program.

Retirees can participate in a Long Term Health Insurance program and a small portion of the premium is collected to cover administration costs of open enrollment and other miscellaneous costs. The projected revenue is \$54,000 Other Funds Limited in the 2015-17 biennium.

Other revenue also consists of prior period reductions of expense, surplus sales, MICR errors, total of checks that have been outstanding for over 2 years and are no longer negotiable, prior period adjustments and other revenue. PERS projects revenue from these sources of \$493,001 Other Funds Non-Limited and \$20,000 Other Funds Limited in the 2015-17 biennium.

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Charges for Services	2,720,211	2,533,500	2,533,500	3,794,821	3,794,821	-
Interest Income	22,296	26,250	26,250	30,291	30,291	-
Other Revenues	194,269	206,000	206,000	74,000	74,000	-
Transfer In - Intrafund	79,757,536	83,948,051	88,099,687	96,089,088	96,089,088	-
Transfer Out - Intrafund	(7,369,903)	(764,944)	(764,944)	(157,195)	(157,195)	-
Tsfr To Governor, Office of the	(59,628)	(70,000)	(70,000)	-	-	-
<b>Total Other Funds</b>	<b>\$75,264,781</b>	<b>\$85,878,857</b>	<b>\$90,030,493</b>	<b>\$99,831,005</b>	<b>\$99,831,005</b>	-
<b>Nonlimited Other Funds</b>						
Charges for Services	473,038,811	427,135,600	427,135,600	459,914,882	488,193,674	-
Refunding Bonds	2,845,000	-	-	-	-	-
Interest Income	7,841,126,288	13,132,922,000	13,132,922,000	11,217,425,174	14,298,922,810	-
Retirement System Contribution	2,885,006,153	2,410,280,000	2,410,280,000	3,100,316,807	3,532,290,963	-
Other Revenues	947,090	961,500	961,500	534,060	493,001	-
Transfer In - Intrafund	3,212,004	-	-	-	-	-
Transfer Out - Intrafund	(75,599,637)	(83,183,107)	(87,334,743)	(95,931,893)	(95,931,893)	-
<b>Total Nonlimited Other Funds</b>	<b>\$11,130,575,709</b>	<b>\$15,888,115,993</b>	<b>\$15,883,964,357</b>	<b>\$14,682,259,030</b>	<b>\$18,223,968,555</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2011-2013 Actual	2013-15		2015-17		
				Legislatively Adopted	2013-15 Estimated	Agency Request	Governor's Budget	Legislatively Adopted
<b>Limited Other Funds:</b>								
Charges for Services	Limited Other	Charges for Services	2,720,211	2,533,500	3,005,242	3,794,821	3,794,821	
Interest and Investment Earnings	Limited Other	Interest Income	22,296	26,250	24,600	30,291	30,291	
Other	Limited Other	Other Revenues	194,245	205,000	62,986	74,000	74,000	
<b>Non-limited Other Funds:</b>								
Charges for Services	Non-limited Other	Charges for Services	473,038,811	427,135,600	397,177,510	459,914,882	488,193,674	
Interest and Investment Earnings	Non-limited Other	Interest Income	7,841,126,288	13,132,922,000	12,573,211,168	11,217,425,174	14,298,922,810	
Donations and Contributions	Non-limited Other	Retirement System Contribution	2,885,006,153	2,410,280,000	3,095,061,834	3,100,316,807	3,532,290,963	
Other	Non-limited Other	Other Revenues	947,090	961,500	4,882,657	534,060	493,001	

2015-17

107BF07

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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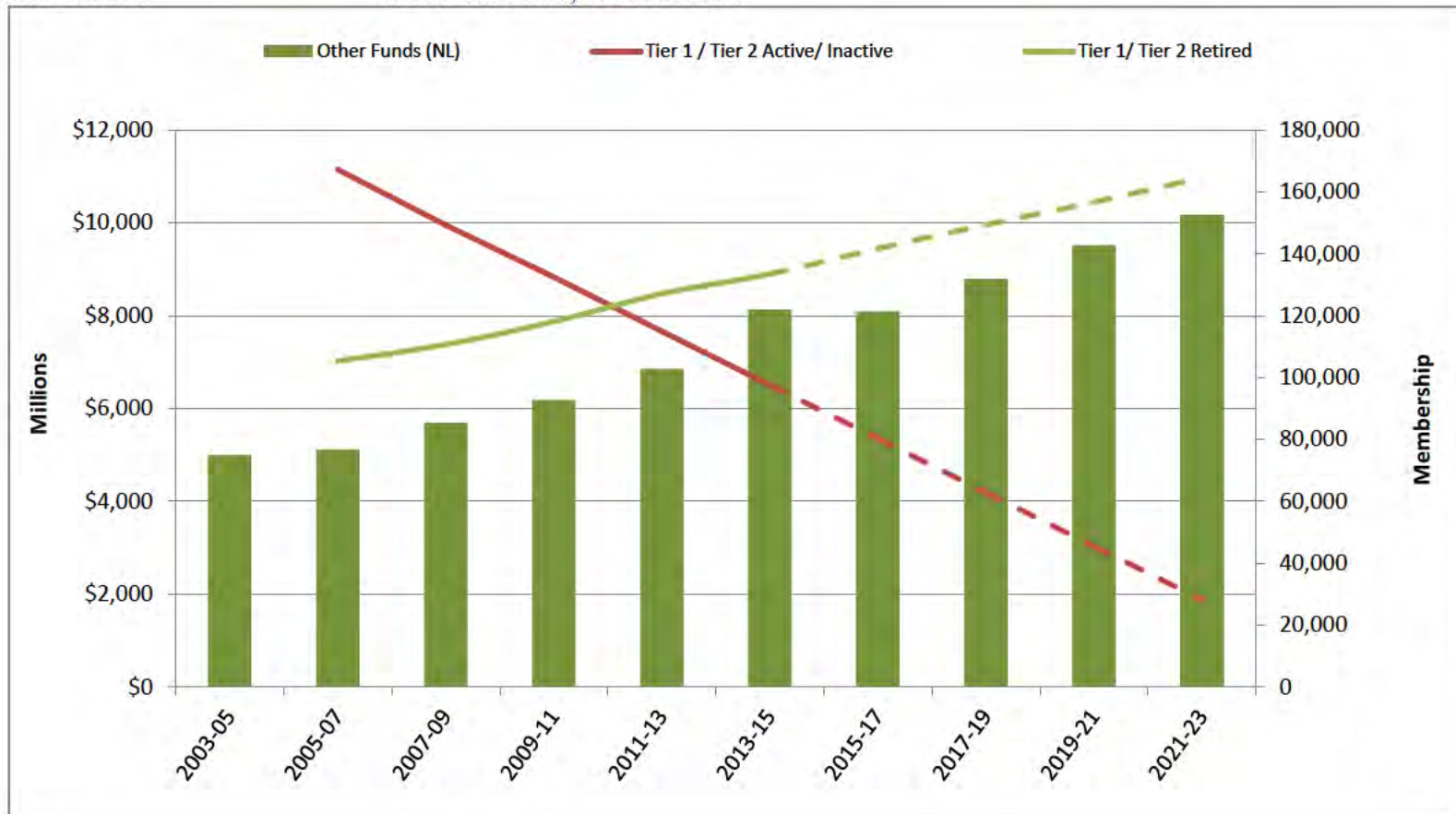
**107BF02**

# BUDGET NARRATIVE

## Program Units

### Tier One and Tier Two Program Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Steve Rodeman, 503.603.7695



Agency Request

Governor's

Legislatively Adopted

# BUDGET NARRATIVE

## Executive Summary

The Tier One and Tier Two Program represents administration of active and inactive member accounts and benefit payments to retired members of these legacy plans, defined in ORS Chapter 238, that are now closed to new members. Benefit payments include retirement allowances, account withdrawals, death and disability benefits, and health insurance premium pass-through and subsidy account disbursements. Administration of the programs includes receiving contributions on behalf of active Tier One and Tier Two members, providing information and services to members, and processing retirements of Tier One and Tier Two members. All such funds are held in trust for the exclusive benefit of the plans' members. These plans were closed to new members as of December 31, 1995, for Tier One and August 28, 2003, for Tier Two.

## Program Funding Request

PERS requests \$8,095,560,862 Non-Limited Other Funds expenditure authority in 2015-17 for the anticipated Tier One and Tier Two Program benefit payments. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2023 are:

2015-17	\$8,095,560,862
2017-19	\$8,795,291,415
2019-21	\$9,522,434,846
2021-23	\$10,174,547,494

**Performance Achievement:** Requested Non-Limited Other Funds support the agency mission to administer public employee benefit trusts to pay the right person the right benefit at the right time. Performance achievement is measured through legislatively mandated Key Performance Measures, quarterly reporting of internal core operating and supporting business process measures, and monthly reporting of member transaction volumes and processing timeliness.

## Program Description

The Tier One and Tier Two Program administers public employee benefit trusts for approximately 115,000 active and inactive (non-retired) members and approximately 127,000 retired members. Tier One membership was closed to new public employees hired on or after January 1, 1996 and Tier Two was closed to new public employees hired on or after August 29, 2003. New public employees now join the Oregon Public Service Retirement Plan (OPSRP), a separate program. Benefits paid through the Tier One and Tier Two

\_\_\_\_ Agency Request

  X   Governor's

\_\_\_\_ Legislatively Adopted

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## BUDGET NARRATIVE

trusts include account withdrawal, retirement benefits, death, and disability benefits to members, their beneficiaries, or alternate payees.

Even though membership in Tier One and Tier Two is closed to new employees, administration of and workload associated with benefit payments will increase over the next decade as these members age into retirement. As of June 30, 2014, more than 51,000 Tier One and Tier Two members are eligible to retire based on age or years of service.

Since OPSRP was created in August 2003, membership in the program has grown to almost 50% of the total active and inactive population of PERS. From a cost perspective, however, that shift only affects the “normal cost” of benefits: the incremental cost each year of new benefits accrued by active members. PERS costs are rising not because of this “normal cost” factor but rather because of the Unfunded Actuarial Liability (UAL) that emerged when the PERS Fund lost 27% of its value during the 2008 recession (and subsequent investment performance that was slightly below projections). The impact of that loss, as reflected in the System Valuation as of December 31, 2013, is a UAL of \$8.5 billion (excluding pre-paid employer contributions deposited in side accounts).

The cost shift to OPSRP will not be fully realized until membership and associated liabilities with of the Tier One and Tier Two program is reduced more significantly and membership and associated liabilities of the OPSRP program becomes predominant. That tipping point is decades away. PERS was created in March 1945, and Tier One members joined the program until 1996. Tier Two members joined the program from 1996 to 2003. The life cycle of closed programs like Tier One and Tier Two extend another 50 years after its closure, as late entrants complete their full career and receive their retirement benefit for years after retirement. Consequently, Tier One member benefit payments (funded through this program) are not expected to peak until closer to the 2027-29 biennium. Even after that peak, the decline will be gradual.

At their September 26, 2014 meeting, the PERS Board discussed the December 31, 2013 system-wide valuation which is the basis for 2015-2017 employer rates. Due to the impact of 2013 legislative reforms and positive investment returns, the 2015-2017 system-wide un-collared average system base rate is 18.18% which is less than the 23.08% base rate for the 2013-15 biennium.

This program is funded through public employee benefit trusts that are subject to federal and state laws and rules governing tax-qualified government retirement plans. One fundamental provision of those trusts is that the contributions (both from employers and members) and their associated investment earnings can only be used for the exclusive benefit of those members to fund their benefit payments. Consequently, the funds expended through this program can only be used to support the services and benefits provided within the program.

## BUDGET NARRATIVE

### Program Justification and Link to 10-Year Outcome

The Tier One and Tier Two Program aligns to the goals and strategies of the Improving Government area of 10-Year Outcome planning. This program is still a major defined benefit component of the public employee retirement plan, which covers all state agencies, schools, and over 90% of eligible local government employees.

Benefits from the program are delivered through the lowest-cost administrative structure. The fundamental advantages of a multi-employer defined benefit plan are institutional investment of the fund, which enhances returns to members and reduces investment expenses; risk sharing pools, which spread the impact of actuarial experience over a broad base; benefit portability, which allows members to transfer among participating employers without impacting benefit accruals; and unified administration, which enhances professionalism and improves economies of scale. Those advantages allow member and employer contributions into the system to provide the maximum positive economic impact to local economies when retiree benefits are spent in local communities.

A June 2014 Economic Impact Study of PERS shows that in 2013, the \$3.2 billion in annual benefit payments to Oregonians multiplied to \$3.8 billion in economic value when the financial impact of dollars spent in local communities is considered. The benefit payments sustain an estimated 34,712 Oregon jobs, and add approximately \$1.07 billion in wages. Additionally, Oregon collected an estimated \$159 million in income taxes on PERS retiree benefits in 2013.

### Program Performance

<b>Fiscal Year</b>	<b>Total Active/Inactive Members</b>	<b>Total Retired Members</b>	<b>Tier One/Tier Two Program Expenditures (Non-Limited) (\$)</b>	<b>Annual Admin. Cost per Member (\$)</b>
2007	167,225	105,336	2,644,979,805	140
2008	158,663	107,643	2,844,860,121	136
2009	149,331	110,694	2,852,825,977	140
2010	142,071	113,349	2,962,604,243	121
2011	132,453	118,105	3,252,686,903	115
2012	125,502	121,455	3,350,039,210	124
2013	114,901	127,114	3,596,111,863	127



## BUDGET NARRATIVE

The table above shows the distribution of PERS Tier 1 and Tier 2 membership as “Active/Inactive Members” (those members either currently employed or who have left employment but are still entitled to a benefit) and “Retired Members” (those having elected to receive their benefit). As more members of the population move into receiving benefits, the “Program Expenditures” shows the growth in the number and amount of Tier One/Tier Two benefit payments distributed. Even with this growth, the agency’s overall administrative “Costs per Member” have been historically lower in the past seven years as operational efficiencies, including the development and deployment of new technology systems, have enabled PERS to increase distributions (and the related member services) while decreasing the incremental administrative costs.

### **Enabling Legislation/Program Authorization**

The program is governed by the following Oregon Revised Statutes and Administrative Rules:

- The Tier One and Tier Two Plans are authorized by Oregon Revised Statutes (ORS) 237.600 to 237.980, 238.005 to 238.492, and 238.600 to 238.750.
- Oregon Administrative Rules Chapter 459

The benefits provided under the program are protected by provisions in the U.S. and Oregon Constitutions regarding contracts. Courts have construed these benefits as public contracts with the members, which can only be altered under very limited circumstances.

### **Funding Streams**

This program is funded entirely from member and employer contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF). In accordance with ORS 238.660(2), funds in the PERF can only be used for the exclusive benefit of the members’ trusts. ORS 238.661 further provides that moneys in the PERF are continuously appropriated to the Public Employees Retirement Board for the purpose of implementing plan requirements. Expenditures under this program are categorized for state budget purposes as Other Funds – Non-limited.

### **Significant Proposed Program Changes from 2013-15**

Requested Non-Limited Other Funds represent a decrease of \$36,639,138 under the 2013-15 budget of \$8,132,200,000 and reflects the Agency’s 2015-17 anticipated benefit payment requirements for Tier One and Tier Two benefit recipients. The decrease was due to the 2008 market downturn when members delayed retiring in order to wait out a market correction. PERS experienced a higher than average number of retirements over 2012 and 2013 due to strong market returns. We expect the number of service retirements to resume a more normal pace based on forecasted growth and experience in market returns.

\_\_\_ Agency Request

X  Governor’s

\_\_\_ Legislatively Adopted

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## BUDGET NARRATIVE

### Tier One and Tier Two Programs

#### Budget Overview

The Tier One and Tier Two programs include employer and member contributions and investment earnings related to Tier One and Tier Two members and employer accounts and reflect the retirement payments made to Tier One and Tier Two retirees and beneficiaries. As of January 1, 2004, all member contributions have been directed to the Individual Account Program (IAP).

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

#### Base Budget Adjustments and Package 090 Analyst Adjustments

Changes have been made to both revenues and expenditures to reflect updated projections. The non-limited adjustment reflects an anticipated short-term reduction in the number of retirements when compared to the 2013-15 biennium that experienced the second highest number of retirements, over 9,000 in calendar year ended 2013. Package 090 analyst recommended adjustments increased revenues by \$2,489,457,943, while increasing expenditures by \$756,475,534.

<b>Tier One &amp; Tier Two Non-limited Other Funds</b>	<b>2011-13 Actual Expenditures (\$)</b>	<b>2013-15 Legislatively Approved Budget (\$)</b>	<b>2013-15 Estimates (\$)</b>	<b>2015-17 Governor's Budget (\$)</b>
Professional Services – Attorney Fees	100,000			
Agency Program Related S and S – Write off of Uncollectable Receivables	1,563,295		1,536,717	
Other Services & Supplies One-time Bond Costs	23,389			
Distribution to Individuals	6,852,914,884	8,132,200,000	7,647,294,554	8,095,560,862
<b>Total Expenditures</b>	<b>6,854,601,568</b>	<b>8,132,200,000</b>	<b>7,648,831,271</b>	<b>8,095,560,862</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

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

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Charges for Services	-	-	-	-	(4,738)	-	(4,738)
Interest Income	-	-	-	-	2,210,839,037	-	2,210,839,037
Retirement System Contribution	-	-	-	-	278,623,644	-	278,623,644
<b>Total Revenues</b>	-	-	-	-	<b>\$2,489,457,943</b>	-	<b>\$2,489,457,943</b>
<b>Services &amp; Supplies</b>							
Agency Program Related S and S	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Special Payments</b>							
Dist to Individuals	-	-	-	-	756,475,534	-	756,475,534
<b>Total Special Payments</b>	-	-	-	-	<b>\$756,475,534</b>	-	<b>\$756,475,534</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	756,475,534	-	756,475,534
<b>Total Expenditures</b>	-	-	-	-	<b>\$756,475,534</b>	-	<b>\$756,475,534</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	1,732,982,409	-	1,732,982,409
<b>Total Ending Balance</b>	-	-	-	-	<b>\$1,732,982,409</b>	-	<b>\$1,732,982,409</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2011-13 Actuals	2013-15 Legislatively Adopted	2013-15 Estimated Revenue**	2015-17		
						Agency Request	Governor's Budget	Legislatively Adopted
<b>Non-limited Other Funds:</b> Charges for Services	Non-limited Other	Charges for Services	18,655	93,000	9,636	28,223	23,485	
Refunding Bonds	Non-limited Other	Refunding Bonds	2,845,000					
Interest and Investment Earnings	Non-limited Other	Interest Income	6,941,073,174	10,702,000,000	11,002,155,025	9,766,208,070	11,977,047,107	
Donations and Contributions	Non-limited Other	Retirement System Contribution	1,341,044,773	715,900,000	1,444,112,942	1,445,101,972	1,723,725,616	
Other	Non-limited Other	Other Revenues	0	961,500	2,934,097*	0	0	

2015-17

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\*This 2013-15 Estimated Other Revenues consist of two primary amounts; approximately 2.1 million is "Employer Paid Prior Year Earnings" and approximately 0.85 million is collection of overpaid benefits.

\*\* All 2013-15 estimated revenue amounts were calculated using unaudited 2014 fiscal year end transactions and then doubling the amount to arrive at the estimate for the biennium.

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 126

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Nonlimited Other Funds</b>						
Charges for Services	18,655	93,000	93,000	28,223	23,485	-
Refunding Bonds	2,845,000	-	-	-	-	-
Interest Income	6,941,073,174	10,702,000,000	10,702,000,000	9,766,208,070	11,977,047,107	-
Retirement System Contribution	1,341,044,773	715,900,000	715,900,000	1,445,101,972	1,723,725,616	-
Other Revenues	-	961,500	961,500	-	-	-
Transfer In - Intrafund	71,678	-	-	-	-	-
Transfer Out - Intrafund	(52,123,106)	(52,796,994)	(55,402,949)	(68,272,516)	(68,272,516)	-
<b>Total Nonlimited Other Funds</b>	<b>\$8,232,930,174</b>	<b>\$11,366,157,506</b>	<b>\$11,363,551,551</b>	<b>\$11,143,065,749</b>	<b>\$13,632,523,692</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

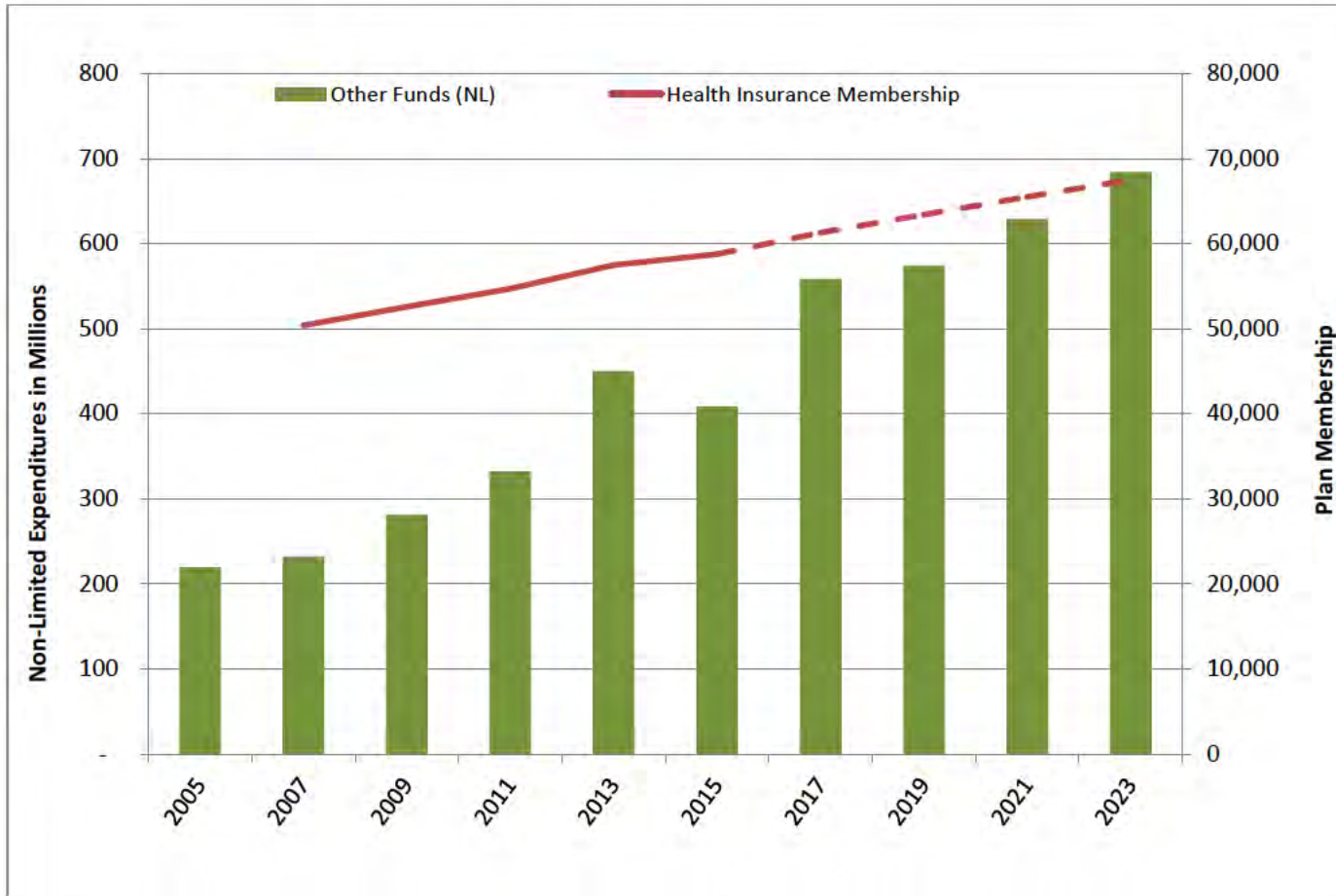
\_\_\_ Legislatively Adopted

Budget Page 127

# BUDGET NARRATIVE

## Retirement Health Insurance Programs Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Steve Rodeman, 503.603.7695



# BUDGET NARRATIVE

## Executive Summary

The PERS Health Insurance Program (PHIP) offers health insurance coverage for all eligible Oregon PERS retirees, their eligible spouses and dependents. The program covers more than 58,000 health plan members. PHIP provides PERS retirees with benefits that provide high quality, comprehensive coverage at the most cost-effective rates possible that will also meet retirees' benefit needs. Core values of the program include maintaining the stability of premiums, coverage, and carriers.

## Program Funding Request

PERS requests \$558,094,445 Non-Limited Other Funds expenditure authority in 2015-17 for the anticipated Health Insurance Program expenditures. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2023 are:

2015-17	\$558,094,445
2017-19	\$574,152,052
2019-21	\$629,071,806
2021-23	\$683,991,559

**Performance Achievement:** Requested Non-Limited Other Funds support the program mission and purpose to provide comprehensive medical and dental insurance plan options and long-term care insurance to PERS retirees who qualify for the program at the most cost-effective rates possible that will also meet retirees' benefit needs. Performance achievement is measured through the stability of carriers for the benefit of the program and the stability of health care benefits for the benefit of the program.

## Program Description

PERS has been a plan sponsor of retiree health plans since the late 1950s. At the time, PERS offered a simple hospital indemnity plan which paid a hospitalized patient about \$15 per day. During the next 20 years the benefits were improved and a basic plan was added to cover out-of-hospital expenses. Cost of the plans was fully paid by participants when health plans were added. In the early 1970s, PERS added a Medicare supplement plan.

From its inception until July 1988, PERS plans were fully paid by participants. There was no contribution from PERS. At that time, legislation was implemented to provide a subsidy payment from PERS toward a Medicare supplement for PERS Tier One and Tier Two retirees who retired with eight or more years of service and enrolled in a PERS-sponsored plan. This subsidy is called the

\_\_\_\_ Agency Request

  X   Governor's

\_\_\_\_ Legislatively Adopted

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## BUDGET NARRATIVE

Retirement Health Insurance Account (RHIA) and is funded by assessment to all PERS employers. In 1991, the legislature approved a subsidy for Tier One and Tier Two state retirees under age 65. The subsidy, implemented in 1993 is the Retiree Health Insurance Premium Account (RHIPA) and is funded by an assessment to the state of Oregon employers only.

The RHIA subsidy is a \$60 contribution that is available to Medicare entitled (enrolled in Medicare Parts A and B) retirees that are receiving either a PERS service or disability retirement allowance and have had either eight or more years of qualifying service time or are receiving a PERS disability retirement allowance computed as if they had eight or more years of service.

The RHIPA subsidy is a contribution available to non-Medicare retirees who retire from a state agency, that are receiving either a PERS service or disability retirement allowance and have had either eight or more years of qualifying service time or is receiving a PERS disability retirement allowance computed as if they had eight or more years of service. A retiree who is eligible for Medicare is no longer eligible for RHIPA and must move to a Medicare plan.

### **Program Justification and Link to 10-Year Outcome**

In spite of inflationary trends and the pressures associated with lower CMS medical reimbursements and higher healthcare reform taxes and fees, for the 2015 plan renewal, PHIP was able to provide PERS retirees with participating carriers and plans that provide balance between costs and benefits. This was achieved through a thoughtful approach, scrutinized and analyzed to provide the least impact possible to members while maintaining program stability and accountability.

### **Program Performance**

<b>Fiscal Year</b>	<b>SRHIA Members</b>	<b>RHIA Members</b>	<b>RHIPA Members</b>	<b>Annual Expenditures Total (\$)</b>
2008	51,363	38,676	704	139,174,917
2009	52,565	39,528	802	145,969,852
2010	53,256	39,917	911	158,425,042
2011	54,710	40,851	1126	173,378,577
2012	56,113	42,018	1149	216,601,828
2013	57,489	43,061	1251	232,638,530
2014	58,760	44,087	1264	240,446,560



## BUDGET NARRATIVE

PHIP is a voluntary insurance plan where an eligible member pays most if not all of their own premiums for the plan of their choice. In addition to health plan premiums, PERS retirees also cover the cost of program administration; the premium rates that members pay are inclusive of these costs. We are fortunate to partner with insurers that have been able to maximize funding available from the Centers for Medicare and Medicaid Services (CMS) as well as meeting key targets in quality ratings. As has historically been the case, the PHIP insurers also continue to manage the highest need participants to maximize benefits and care delivered while minimizing expenditures.

Stability has been possible as a result of the PERS Board's approach, maintaining dependable health plan vendors and the long-term relationships that have benefited PHIP enrollees. This is achieved through a thoughtful approach facilitating a balance between cost and benefit.

### Enabling Legislation/Program Authorization

The program is governed by the following Oregon Revised Statutes and Administrative Rules:

- PHIP is authorized by ORS 238.410 to 238.420.
- SRHIA – Standard Retiree Health Insurance Account authorized under ORS 238.410
- RHIPA – Retiree Health Insurance Premium Account authorized under ORS 238.415
- RHIA – Retirement Health Insurance Account authorized under ORS 238.420
- Oregon Administrative Rules Chapter 459

The statutorily provided financial benefits provided under the program are protected by provisions in the U.S. and Oregon Constitutions regarding contracts. Courts have construed these financial benefits as public contracts with the members, which can only be altered under very limited circumstances.

ORS 238.410(7) further provides: pursuant to section 401(h) of the Internal Revenue Code, the Standard Retiree Health Insurance Account is established within the Public Employees Retirement Fund, separate and distinct from the General Fund. All payments made by eligible persons for health insurance coverage provided under this section shall be held in the account. Interest earned by the account shall be credited to the account. All moneys in the account are continuously appropriated to the Public Employee Retirement Board and may be used by the Board only to pay the cost of health insurance coverage under this section and to pay the administrative cost incurred by the board under this section. Expenditures under this program are categorized for state budget purposes as Other Funds – Non-limited

## BUDGET NARRATIVE

### Funding Streams

The majority of the revenue for the SRHIA program, about \$460 million per year, comes from member paid insurance premiums with additional revenues provided from federal sources like the Centers for Medicare and Medicaid Services (CMS) and resulting investment returns.

The RHIA and RHIPA programs are funded from employer contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF).

### Significant Proposed Program Changes from 2013-15

Requested Non-Limited Other Funds represent an increase of \$149,433,445 over the 2013-15 budget of \$408,661,000 and reflects the Agency's 2015-17 anticipated premium payment requirements for eligible Tier One, Tier Two and OPSRP benefit recipients.

## BUDGET NARRATIVE

### Retirement Health Insurance Programs

#### Budget Overview

The PERS Health Insurance Program (PHIP) offers health insurance coverage for all eligible Oregon PERS retirees, their eligible spouses and dependents. The program covers more than 58,000 health plan members. The Retiree Health Insurance Account (RHIA) provides for a \$60 health insurance subsidy for eligible retired members who are Medicare eligible and the Retiree Health Insurance Premium Account (RHIPA) provides for an insurance premium subsidy for eligible non-Medicare retirees who retire from a state agency. Oregon Public Service Retirement Plan (OPSRP) members are not eligible for receiving subsidies.

Employer contributions and investment earnings fund the subsidies above. PHIP is a voluntary insurance plan where an eligible Tier One & Tier Two member pays most if not all of their own premiums for the plan of their choice. OPSRP members pay all of their own premiums. In addition to health plan premiums, PERS retirees also cover the cost of program administration; the premium rates that members pay are inclusive of these costs.

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

#### Base Budget Adjustments and Package 090 Analyst Adjustments

Changes have been made to both revenues and expenditures to reflect updated projections. The contracted services expenditure for the administration of health care programs has been updated based on the projected number of participants and inflation. The estimates column was calculated using unaudited fiscal year ended 2014 actuals and doubling that number. Package 090 analyst recommended adjustments increased revenues \$33,884,127 and increased expenditures \$86,925,014.

Retirement Health Insurance Programs Non-limited Other Funds	2011-13 Actual Expenditures (\$)	2013-15 Legislatively Approved Budget (\$)	2013-15 Estimates (\$)	2015-17 Governor's Budget (\$)
Professional Services – Health Insurance Administration	48,256,896	47,961,000	58,340,767	95,101,418
Distribution to Non-Gov Units Premium Payments	401,603,922	360,700,000	422,049,381	462,993,027
<b>Total Expenditures</b>	<b>449,860,818</b>	<b>408,661,000</b>	<b>480,390,148</b>	<b>558,094,445</b>

\_\_\_\_ Agency Request

  X   Governor's

\_\_\_\_ Legislatively Adopted

Budget Page 133

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Retirement Health Insurance Programs  
Cross Reference Number: 45900-010-02-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Charges for Services	-	-	-	-	28,264,971	-	28,264,971
Interest Income	-	-	-	-	1,457,880	-	1,457,880
Retirement System Contribution	-	-	-	-	4,161,276	-	4,161,276
<b>Total Revenues</b>	-	-	-	-	<b>\$33,884,127</b>	-	<b>\$33,884,127</b>
<b>Services &amp; Supplies</b>							
Professional Services	-	-	-	-	32,935,692	-	32,935,692
S and S - BAM Analyst Adjustment	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	<b>\$32,935,692</b>	-	<b>\$32,935,692</b>
<b>Special Payments</b>							
Dist to Non-Gov Units	-	-	-	-	53,989,322	-	53,989,322
<b>Total Special Payments</b>	-	-	-	-	<b>\$53,989,322</b>	-	<b>\$53,989,322</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	86,925,014	-	86,925,014
<b>Total Expenditures</b>	-	-	-	-	<b>\$86,925,014</b>	-	<b>\$86,925,014</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	(53,040,887)	-	(53,040,887)
<b>Total Ending Balance</b>	-	-	-	-	<b>(\$53,040,887)</b>	-	<b>(\$53,040,887)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 134

## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2011-13 Actuals	2013-15 Legislatively Adopted	2013-15 Estimated Revenue**	2015-17		
						Agency Request	Governor's Budget	Legislatively Adopted
<b>Non-limited Other Funds:</b> Charges for Services	Non-limited Other	Charges for Services	472,970,171	427,000,000	397,108,084	459,818,290	488,083,261	
Interest and Investment Earnings	Non-limited Other	Interest Income	37,638,731	43,322,000	67,046,379	65,039,088	66,496,968	
Donations and Contributions	Non-limited Other	Retirement System Contribution	99,249,060	111,380,000	107,763,884	111,878,340	116,039,616	
Other	Non-limited Other	Other Revenues	838					

2015-17

107BF07

\*\* All 2013-15 estimated revenue amounts were calculated using unaudited 2014 fiscal year end transactions and then doubling the amount to arrive at the estimate for the biennium.

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 135

2015-17

107BF02

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Nonlimited Other Funds</b>						
Charges for Services	472,970,171	427,000,000	427,000,000	459,818,290	488,083,261	-
Interest Income	37,638,731	43,322,000	43,322,000	65,039,088	66,496,968	-
Retirement System Contribution	99,249,060	111,380,000	111,380,000	111,878,340	116,039,616	-
Other Revenues	838	-	-	-	-	-
Transfer Out - Intrafund	(1,657,074)	(1,882,075)	(1,929,792)	(1,868,203)	(1,868,203)	-
<b>Total Nonlimited Other Funds</b>	<b>\$608,201,726</b>	<b>\$579,819,925</b>	<b>\$579,772,208</b>	<b>\$634,867,515</b>	<b>\$668,751,642</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

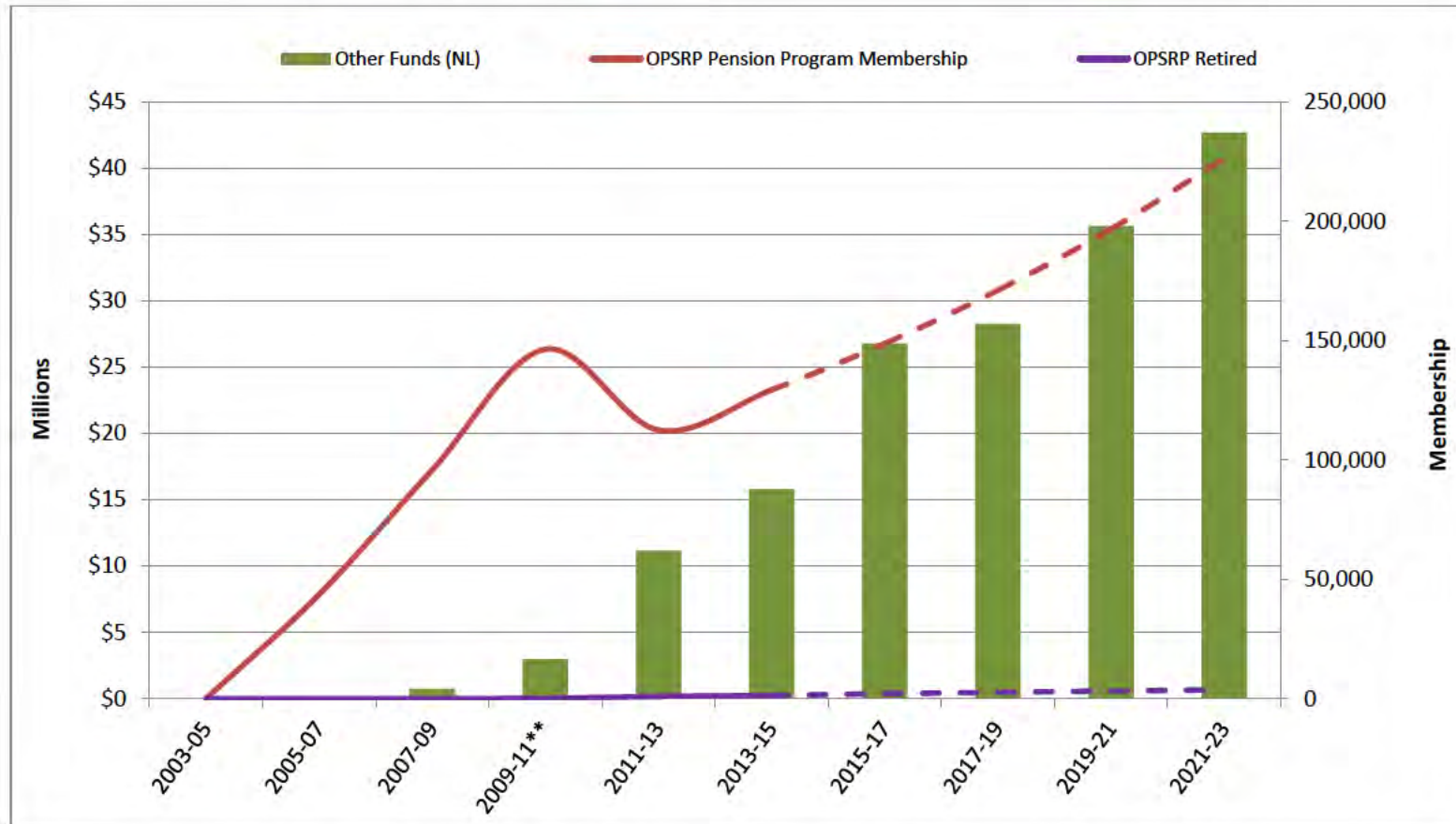
\_\_\_ Legislatively Adopted

Budget Page 136

# BUDGET NARRATIVE

## Oregon Public Service Retirement Pension Program Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Steve Rodeman, 503.603.7695



\*\*The decline in membership totals in the 11-13 biennium was due to a correction in reporting. Loss of Membership accounts had not be taken into consideration as this was not possible until 2009. These accounts were removed and membership count adjusted.

Agency Request       Governor's       Legislatively Adopted

# BUDGET NARRATIVE

## Executive Summary

The Oregon Public Service Retirement Plan (OPSRP) program serves public employees who began public employment on or after August 29, 2003. OPSRP is a hybrid retirement plan, designed to provide a reduced benefit compared to the Tier One and Tier Two retirement plans. The hybrid plan has two components: the OPSRP Pension Program, funded by employer contributions, and the Individual Account Program (IAP), funded by member contributions.

## Program Funding Request

PERS requests \$26,778,864 Non-Limited Other Funds expenditure authority in 2015-17 for anticipated OPSRP benefit payments. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2023 are:

2015-17	\$26,778,864
2017-19	\$28,257,988
2019-21	\$35,652,074
2021-23	\$42,674,857

**Performance Achievement:** Requested Non-Limited Other Funds support the agency mission to administer the public employee benefit trusts in order to pay the right person the right benefit at the right time. Performance achievement is measured through legislatively mandated Key Performance Measures, quarterly reporting of internal core operating and supporting business process measures, and monthly reporting of member transaction volumes and processing timeliness.

## Program Description

The two components of OPSRP were established as part of the 2003 PERS reform package to reduce the retirement benefit costs for public employees who began public service after creation of the program (August 29, 2003). All PERS-participating employers were required to enroll any new qualifying employees in the OPSRP Pension and Individual Account Program after that date. PERS administers the benefit trusts associated with these programs on behalf of those participating employers.

The OPSRP Pension program is a defined benefit program that provides a retirement benefit based on a formula: (years of service) x (final average salary) x (statutory multiplier.) The OPSRP program provides a lower benefit than the Tier One and Tier Two programs by reducing the statutory Full Formula multiplier (1.5% for General Service employment, 1.8% for police officers and firefighters) and increasing the normal retirement age (age 65 for General Service employees, age 60 for police officers and firefighters).

\_\_\_\_ Agency Request

  X   Governor's

\_\_\_\_ Legislatively Adopted

Budget Page 138



## BUDGET NARRATIVE

The types of benefits paid through the OPSRP Pension program include withdrawal, retirement, death, and disability benefits. This program now has over 111,000 non-retired members, more than either the Tier One or Tier Two programs. Costs for the OPSRP Pension program are paid solely through employer contributions and their related investment earnings. All PERS employers participate in a single OPSRP employer pool, so costs are distributed across all employers based on their proportional share of subject salary that they pay the members in the program. Because this program provides a lower level of benefits, its “normal” cost is less than that for members in the Tier One and Tier Two plans, whose formula-based benefits are calculated with higher statutory multipliers.

OPSRP is funded through public employee benefit trusts that are subject to federal and state laws and rules governing tax-qualified government retirement plans. One fundamental provision of those trusts is that the contributions (both from employers and members) and their associated investment earnings can only be used for the exclusive benefit of those members to fund their benefit payments. Consequently, the funds expended through this program can only be used to support the services and benefits provided within the program.

### **Program Justification and Link to 10-Year Plan Outcome**

The OPSRP Pension program aligns to the goals and strategies in the Improving Government area of the 10-Year Plan Outcome planning. This program is a major component of the public employee retirement plan, which covers all state agencies, schools and over 90% of eligible local government employees. PERS administers this program for eligible public employees and their employers. This combined administration allows investment in operational efficiencies (such as web-based reporting, customer service and benefit processing) that would not be feasible if individual agencies provided their own benefit plans.

Benefits from the program are delivered through the lowest-cost administrative structure. The fundamental advantages of a multi-employer defined benefit plan are institutional investment of the fund, which enhances returns to members and reduces investment expenses; risk sharing pools, which spread the impact of actuarial experience over a broad base; benefit portability, which allows members to transfer among participating employers without impacting benefit accruals; and unified administration, which enhances professionalism and improves economies of scale. Those advantages allow member and employer contributions into the system to provide the maximum positive economic impact to local economies when retiree benefits are spent in local communities.

## BUDGET NARRATIVE

### Program Performance

Fiscal Year	Total OPSRP Pension Members	Total Retired OPSRP Pension Members	Total OPSRP Program Expenditures (\$)	Total OPSRP Retirements Processed
2007	43,747	0	133,750	16
2008	54,383	0	741,540	50
2009	95,873	4	552,125	108
2010	152,503	30	944,082	192
2011	146,263	115	2,026,084	430
2012	142,954	582	5,121,994	641
2013	111,484	1,003	6,017,289	922

The table shows how quickly the change in the workforce has populated this lower-cost pension program in a relatively short time. A significant percentage of Oregon’s active public employee workforce has been employed under this new retirement plan with lower, more predictable costs. Additionally, the table shows the exponential growth in expenditures and retirements processed related to the OPSRP Pension as part of 2003 PERS reform.

### Enabling Legislation/Program Authorization

The program is governed by the following Oregon Revised Statutes and Administrative Rules:

- OPSRP is authorized by ORS 238A.005 thru 238A.250, and 238A.450 thru 238A.475.
- Oregon Administrative Rules Chapter 459

The benefits provided under the program are protected by provisions in the U.S. and Oregon Constitutions regarding contracts. Courts have construed these benefits as public contracts with the members. Unlike the Tier One and Tier Two programs, the legislature expressly reserved the right to alter the provisions of the OPSRP program for services performed after the effective date of any such change (ORS 238A.470).

## BUDGET NARRATIVE

### **Funding Streams**

This program is funded entirely from employer contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF). In accordance with ORS 238.660(2), incorporated into the OPSRP Program by ORS 238A.050(2), funds in the PERF can only be expended for the exclusive benefit of the trusts' members. ORS 238.661 (also incorporated by ORS 238A.050(2)) further provides that moneys in the PERF are continuously appropriated to the Public Employees Retirement Board for the purpose of implementing plan requirements. Expenditures under this program are categorized for state budget purposes as Other Funds – Non-limited.

### **Significant Proposed Program Changes from 2013-15**

Requested Non-Limited Other Funds represent an increase of \$10,964,864 over the 2013-15 budget of \$15,814,000 and reflect the Agency's 2015-17 anticipated benefit payment requirements for OPSRP benefit recipients.

# BUDGET NARRATIVE

## Oregon Public Service Retirement Pension Program

### Budget Overview

The 2003 Legislature created the Oregon Public Service Retirement Plan (OPSRP) via passage of House Bill 2020 (2003). OPSRP is a hybrid retirement program with two components: the Pension Program and the Individual Account Program (IAP). The OPSRP Pension Program is funded solely by employer contributions and investment earnings. Generally, the program is designed to provide a benefit that approximates 45 percent of a member’s final average salary for a 30-year public service career (general services).

Employers participating in PERS on or after August 29, 2003, must participate in OPSRP. If an employer had a class of employees not participating in PERS as of August 28, 2003, it need not offer OPSRP membership to those employees. As of December 31, 2013, there were approximately 88,000 members in the OPSRP Pension Program.

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

### Base Budget Adjustments and Package 090 Analyst Adjustments

Changes have been made to both revenues and expenditures to reflect updated projections based on trend analysis and using moving four-year averages. The 2013-15 expenditure estimates column was calculated using unaudited fiscal year end 2014 actuals and doubling that number. Package 090 analyst recommended adjustments increased revenues \$351,696,930 and increased expenditures \$9,934,263.

<b>Oregon Public Service Retirement Pension Non-limited Other Funds</b>	<b>2011-13 Actual Expenditures (\$)</b>	<b>2013-15 Legislatively Approved Budget (\$)</b>	<b>2013-15 Estimated Expenditures (\$)</b>	<b>2015-17 Governor’s Budget (\$)</b>
Agency Program Related S and S – Write off of Uncollectable Receivables			1,114	
Distribution to Individuals	11,141,211	15,814,000	18,666,846	26,778,864
<b>Total Expenditures</b>	<b>11,141,211</b>	<b>15,814,000</b>	<b>18,667,960</b>	<b>26,778,864</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Oregon Public Service Retirement Pension Pgm  
 Cross Reference Number: 45900-010-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Interest Income	-	-	-	-	192,404,408	-	192,404,408
Retirement System Contribution	-	-	-	-	159,333,581	-	159,333,581
Other Revenues	-	-	-	-	(41,059)	-	(41,059)
<b>Total Revenues</b>	-	-	-	-	<b>\$351,696,930</b>	-	<b>\$351,696,930</b>
<b>Special Payments</b>							
Dist to Individuals	-	-	-	-	9,934,263	-	9,934,263
<b>Total Special Payments</b>	-	-	-	-	<b>\$9,934,263</b>	-	<b>\$9,934,263</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	9,934,263	-	9,934,263
<b>Total Expenditures</b>	-	-	-	-	<b>\$9,934,263</b>	-	<b>\$9,934,263</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	341,762,667	-	341,762,667
<b>Total Ending Balance</b>	-	-	-	-	<b>\$341,762,667</b>	-	<b>\$341,762,667</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2011-2013 Actual	2013-15 Legislatively Adopted	2013-15 Estimated Revenue**	2015-17		
						Agency Request	Governor's Budget	Legislatively Adopted
<b>Non-limited Other Funds:</b>								
Charges for Services – Alt Payee Admin Fee	Non-limited Other	Charges for Services			396			
Interest and Investment Earnings	Non-limited Other	Interest Income	174,664,963	485,600,000	340,540,600	287,052,104	479,456,512	
Donations and Contributions	Non-limited Other	Retirement System Contribution	412,223,343	547,000,000	499,502,792	495,478,554	654,812,135	
Other	Non-limited Other	Other Revenues	839,643*	0	13,434	534,060	493,001	

2015-17

107BF07

\*Other Revenue in 2011-13 was primarily a result of an overlooked prior biennium reduction of expense.

\*\* All 2013-15 estimated revenue amounts were calculated using unaudited 2014 fiscal year end transactions and then doubling the amount to arrive at the estimate for the biennium.

\_\_\_\_ Agency Request

Governor's

\_\_\_\_ Legislatively Adopted

Budget Page 144

2015-17

107BF02

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Nonlimited Other Funds</b>						
Interest Income	174,664,963	485,600,000	485,600,000	287,052,104	479,456,512	-
Retirement System Contribution	412,223,343	547,000,000	547,000,000	495,478,554	654,812,135	-
Other Revenues	839,643	-	-	534,060	493,001	-
Transfer Out - Intrafund	(10,956,781)	(13,145,632)	(13,559,981)	(11,441,796)	(11,441,796)	-
<b>Total Nonlimited Other Funds</b>	<b>\$576,771,168</b>	<b>\$1,019,454,368</b>	<b>\$1,019,040,019</b>	<b>\$771,622,922</b>	<b>\$1,123,319,852</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

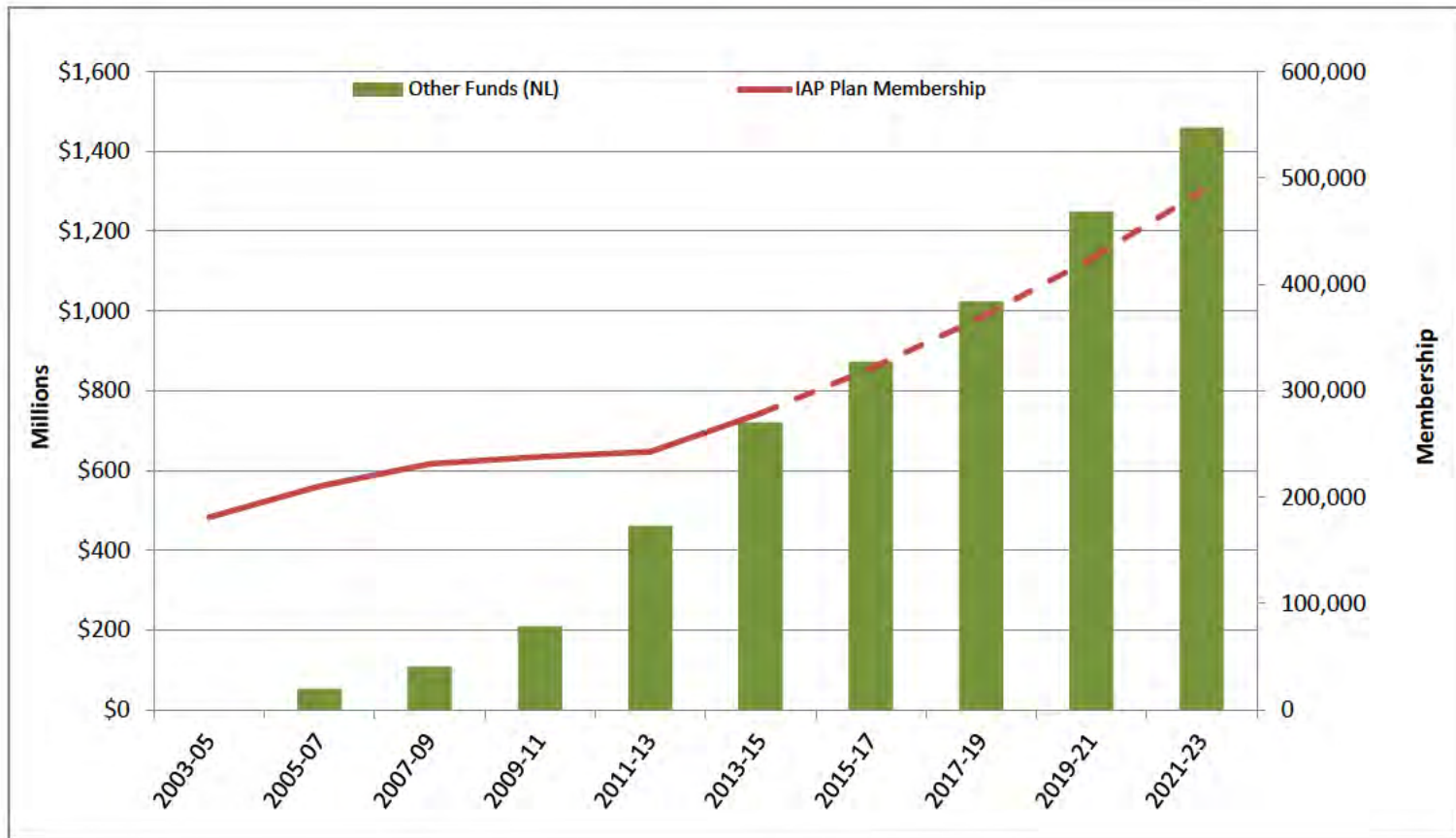
\_\_\_ Legislatively Adopted

Budget Page 145

# BUDGET NARRATIVE

## Individual Account Program Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Steve Rodeman, 503.603.7695



Agency Request

Governor's

Legislatively Adopted



# BUDGET NARRATIVE

## Executive Summary

The Individual Account Program (IAP) consists of two components: members in the Oregon Public Service Retirement Plan (OPSRP) program, which serves employees who began their public service on or after August 29, 2003 and members in the Tier one Tier two retirement plans. The Tier One and Tier Two member contributions made on or after January 1, 2004, have also been deposited in the IAP.

## Program Funding Request

PERS requests \$873,488,891 Non-Limited Other Funds expenditure authority in 2015-17 for anticipated IAP benefit payments. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2023 are:

2015-17	\$873,488,891
2017-19	\$1,023,817,806
2019-21	\$1,249,217,355
2021-23	\$1,460,489,837

## Performance Achievement:

Requested Non-Limited Other Funds support the agency mission to administer the public employee benefit trusts in order to pay the right person the right benefit at the right time. Performance achievement is measured through legislatively mandated Key Performance Measures, quarterly reporting of internal core operating and supporting business process measures, and monthly reporting of member transaction volumes and processing timeliness.

## Program Description

The IAP program was established as part of the 2003 PERS reform package to reduce the retirement benefit costs for public employees who began public service after creation of the program (August 29, 2003). All PERS-participating employers were required to enroll any new qualifying employees in the OPSRP Pension and Individual Account Program after that date. PERS administers the benefit trusts associated with these programs on behalf of those participating employers. As of January 1, 2004, all Tier One and Tier Two member contributions have also been directed to the IAP.

## BUDGET NARRATIVE

The IAP is funded by members contributing six percent of their salary (either through a pre-tax payroll deduction or through an employer “pick-up”). These contributions are invested on members’ behalf as part of the overall PERS fund, and investment earnings or losses are credited to their accounts. Unlike the legacy Tier One member regular accounts, IAP accounts do not have a guaranteed minimum earnings rate.

The IAP is an account-based benefit that is paid in a lump sum upon withdrawal, or in several optional forms of payments at retirement, including a single lump sum or periodic installments at different frequency over various durations. In the 2003 PERS reform legislation, all active Tier One and Tier Two members had their contributions diverted to new IAP accounts, instead of their legacy regular or variable accounts, to restrict the growth in their benefit amounts. Consequently, the IAP now has the largest number of members of all PERS retirement programs. IAP costs are paid wholly out of earnings on member contributions. When earnings are insufficient to pay those costs, member account balances are reduced to recover those costs.

This program is funded through public employee benefit trusts that are subject to federal and state laws and rules governing tax-qualified government retirement plans. One fundamental provision of those trusts is that the contributions (both from employers and members) and their associated investment earnings can only be used for the exclusive benefit of those members to fund their benefit payments. Consequently, the funds expended through this program can only be used to support the services and benefits provided within the program.

### **Program Justification and Link to 10-Year Plan Outcome**

The IAP aligns to the goals and strategies in the Improving Government area of the 10-Year Plan Outcome planning. This program is a major component of the public employee retirement plan, which covers all state agencies, schools and over 90% of eligible local government employees. PERS administers this program for eligible public employees and their employers. This combined administration allows investment in operational efficiencies (such as web-based reporting, customer service and benefit processing) that would not be feasible if individual agencies provided their own benefit plans.

Benefits from the program are delivered through the lowest-cost administrative structure. The fundamental advantages of a multi-employer defined benefit plan are institutional investment of the fund, which enhances returns to members and reduces investment expenses; risk sharing pools, which spread the impact of actuarial experience over a broad base; benefit portability, which allows members to transfer among participating employers without impacting benefit accruals; and unified administration, which enhances professionalism and improves economies of scale. Those advantages allow member and employer contributions into the system to provide the maximum positive economic impact to local economies when retiree benefits are spent in local communities.

## BUDGET NARRATIVE

### Program Performance

Fiscal Year	Total IAP Membership	Total Retired IAP Members	Total IAP Expenditures (\$)	Total IAP Retirements Processed
2007	210,133	N/A	36,379,230	3,087
2008	218,192	N/A	55,478,104	2,895
2009	231,256	N/A	49,534,423	2,488
2010	236,265	N/A	72,802,216	4,205
2011	238,062	N/A	133,970,603	8,545
2012	240,637	2,641	224,729,644	6,878
2013	240,697	3,308	241,326,511	9,249

The table shows how combining the legacy Tier One and Tier Two members into the IAP program created a large base to support that program's associated administrative costs. Total IAP Membership reflects how this element of member benefits, where the member bears the entire risk of investment losses, is an increasingly significant aspect of the total retirement benefit package. IAP Retirements Processed shows how adding two new benefit programs (OPSRP Pension and IAP) as part of 2003 PERS reform has generated a significant number of additional retirement transactions in a short period of time as all members now are retiring with both a pension benefit and an IAP benefit. The same holds true for withdrawals of members who have worked after the January 1, 2004 effective date of the IAP.

Policy Package 102 will complete the transfer to PERS of all aspects of the Individual Account Program (IAP) administration by January 1, 2017, and eliminates over \$2.2 million in annual costs for an outside third-party administrator (TPA).

# BUDGET NARRATIVE

## **Enabling Legislation/Program Authorization**

The program is governed by the following Oregon Revised Statutes and Administrative Rules:

- IAP is authorized by ORS 238A.300 thru 238A.435
- Oregon Administrative Rules Chapter 459

The benefits provided under the program are protected by provisions in the U.S. and Oregon Constitutions regarding contracts. Courts have construed these benefits as public contracts with the members. Unlike the Tier One and Tier Two programs, the legislature expressly reserved the right to alter the provisions of the OPSRP program, including the IAP, for services performed after the effective date of any such change (ORS 238A.470).

## **Funding Streams**

This program is funded entirely from member contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF). In accordance with ORS 238.660(2), incorporated into the OPSRP Program by ORS 238A.050(2), funds in the PERF can only be expended for the exclusive benefit of the trusts' members. ORS 238.661 (also incorporated by ORS 238A.050(2)) further provides that moneys in the PERF are continuously appropriated to the Public Employees Retirement Board for the purpose of implementing plan requirements. Expenditures under this program are categorized for state budget purposes as Other Funds – Non-limited.

## **Significant Proposed Program Changes from 2013-15**

Requested Non-Limited Other Funds represent an increase of \$152,288,891 above the 2013-15 budget of \$721,200,000 and reflects the Agency's 2015-17 anticipated benefit payments or withdrawals for IAP benefit recipients.

# BUDGET NARRATIVE

## Individual Account Program

### Budget Overview

The 2003 Legislature created the Oregon Public Service Retirement Plan (OPSRP) via passage of House Bill 2020 (2003). OPSRP is a hybrid retirement program with two components: the Pension Program and the Individual Account Program (IAP). The OPSRP Pension Program is funded solely by employer contributions and investment earnings. The IAP has no guaranteed payment or return. Members make contributions; employers may or may not also make contributions. When a member retires, he/she receives the contributions plus any accrued earnings (or losses). The IAP requires PERS members to contribute an amount equal to six percent of eligible salary to an IAP account. At retirement, members will receive the balance of this account, including accrued earnings while the account is active, either as a lump-sum or in equal installments over a specified period of their choice.

Beginning January 1, 2004, Tier One and Tier Two Program member contributions also go into the IAP. Tier One and Tier Two members retain their existing PERS accounts, but member contributions are now deposited in the member's IAP, not into the member's Tier One or Tier Two account.

This program includes OPSRP and Tier One & Tier Two member contributions into the IAP, account withdrawals and distributions to Tier One, Tier Two, and OPSRP members. The program also outlines the fund transfer from plan assets to the operations program unit to pay for program administrative activities.

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

### Base Budget Adjustments and Package 090 Analyst Adjustments

Changes have been made to both revenues and expenditures to reflect updated projections based on trend analysis and using moving four-year averages. The 2013-15 expenditure estimates column below was calculated using unaudited fiscal year end 2014 actuals and doubling that number. Package 090 analyst adjustments increased revenues \$666,670,525 and increased expenditures \$224,474,251.

## BUDGET NARRATIVE

Individual Account Program Non-limited Other Funds	2011-13 Actual Expenditures (\$)	2013-15 Legislatively Approved Budget (\$)	2013-15 Estimated Expenditures (\$)	2015-17 Governor's Budget (\$)
Agency Program Related S and S – Write Off of Uncollectable Receivables			9,044	
Agency Program Related S and S – 3 <sup>rd</sup> Party Administration	4,426,086	4,700,000	4,466,978	4,631,723
Distribution to Individuals	456,667,098	716,500,000	661,269,860	868,857,168
<b>Total Expenditures</b>	<b>461,093,184</b>	<b>721,200,000</b>	<b>665,745,882</b>	<b>873,488,891</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Individual Account Program (IAP)  
Cross Reference Number: 45900-010-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Charges for Services	-	-	-	-	18,559	-	18,559
Interest Income	-	-	-	-	676,796,311	-	676,796,311
Retirement System Contribution	-	-	-	-	(10,144,345)	-	(10,144,345)
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$666,670,525</b>	<b>-</b>	<b>\$666,670,525</b>
<b>Services &amp; Supplies</b>							
Agency Program Related S and S	-	-	-	-	51,289	-	51,289
<b>Total Services &amp; Supplies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$51,289</b>	<b>-</b>	<b>\$51,289</b>
<b>Special Payments</b>							
Dist to Individuals	-	-	-	-	224,422,962	-	224,422,962
<b>Total Special Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$224,422,962</b>	<b>-</b>	<b>\$224,422,962</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	224,474,251	-	224,474,251
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$224,474,251</b>	<b>-</b>	<b>\$224,474,251</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	442,196,274	-	442,196,274
<b>Total Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$442,196,274</b>	<b>-</b>	<b>\$442,196,274</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2011-2013 Actual	2013-15 Legislatively Adopted	2013-15 Estimated Revenue***	2015-17		
						Agency Request	Governor's Budget	Legislatively Adopted
<b>Non-limited Other Funds:</b>								
Charges for Services	Non-limited Other	Charges for Services	49,985	42,600	59,394	68,369	86,928	
Interest and Investment Earnings	Non-limited Other	Interest Income	687,749,420	1,902,000,000	1,163,469,164	1,099,125,912	1,775,922,223	
Donations and Contributions	Non-limited Other	Retirement System Contribution	1,032,488,977	1,036,000,000	1,043,682,216	1,047,857,941	1,037,713,596	
Other	Non-limited Other	Other Revenues	106,609*	0	1,935,126**	0		

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\*Other Revenue in 2011-13 was primarily a result of an overlooked prior biennium reduction of expense.

\*\* Other Revenue in 2013-15 represents employer paid prior year earnings estimates for FYE 2013 & 2014.

\*\*\* All 2013-15 estimated revenue amounts were calculated using unaudited 2014 fiscal year end transactions and then doubling the amount to arrive at the estimate for the biennium.

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Nonlimited Other Funds</b>						
Charges for Services	49,985	42,600	42,600	68,369	86,928	-
Interest Income	687,749,420	1,902,000,000	1,902,000,000	1,099,125,912	1,775,922,223	-
Retirement System Contribution	1,032,488,977	1,036,000,000	1,036,000,000	1,047,857,941	1,037,713,596	-
Other Revenues	106,609	-	-	-	-	-
Transfer Out - Intrafund	(10,862,676)	(15,358,406)	(16,442,021)	(14,349,378)	(14,349,378)	-
<b>Total Nonlimited Other Funds</b>	<b>\$1,709,532,315</b>	<b>\$2,922,684,194</b>	<b>\$2,921,600,579</b>	<b>\$2,132,702,844</b>	<b>\$2,799,373,369</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

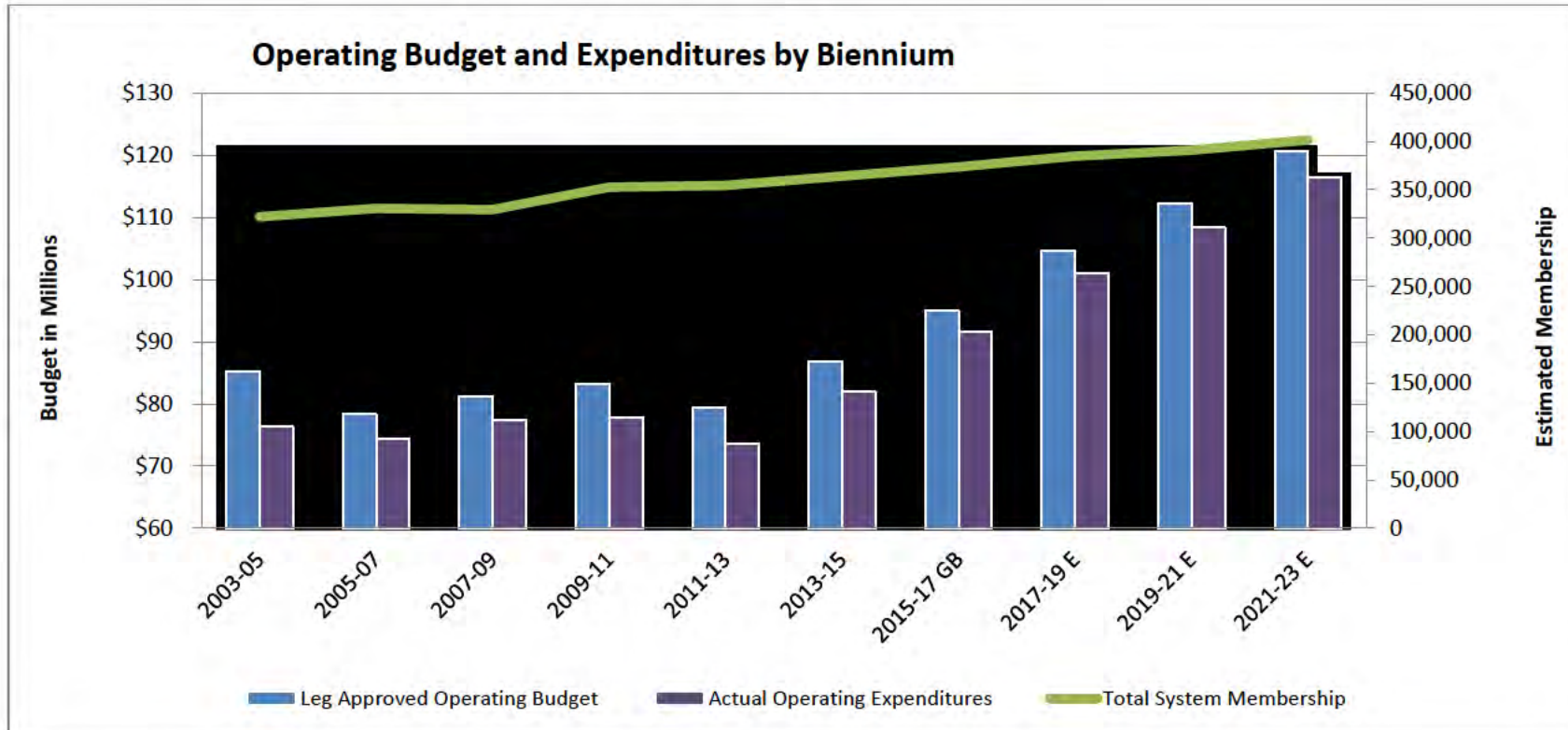
\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## Operations Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Steve Rodeman, 503.603.7695



### Executive Summary

The Operations Program reflects the costs of the Public Employees Retirement System’s (PERS) administration of public employee benefit trusts that provide benefit services to employees of over 900 public employers throughout Oregon. Those services include retirement, disability, and death benefits, as well as a deferred compensation program and a retiree health insurance program.

\_\_\_ Agency Request       X  Governor’s      \_\_\_ Legislatively Adopted

## BUDGET NARRATIVE

PERS also administers the state's obligations under the federal Social Security program. Centralizing these benefit administration services through PERS produces economies of scale that reduce costs, enhance customer service, and support process efficiencies. The Operations Program does not include Debt Service.

### **Program Funding Request**

PERS requests \$94,981,402 Limited Other Funds in 2015-17 for the Agency's operating budget.

Based on DAS / BAM-issued assumptions, the estimated Limited Other Funds needed for PERS' operating budget through 2023 are:

2015-17	\$94,981,402
2017-19	\$104,688,819
2019-21	\$112,327,979
2021-23	\$120,599,689

**Performance Achievement:** Requested Non-Limited Other Funds support the Agency's mission to administer public employee benefit trusts that pay the right person the right benefit at the right time. Performance achievement is measured through legislatively mandated Key Performance Measures and quarterly reporting of internal core operating and supporting business process measures.

### **Program Description**

The Operations Program budget provides the Other Fund financial resources for PERS to administer public employee benefit trusts that provide services for over 900 public employers in Oregon, serving over 350,000 members (Tier One, Tier Two, OPSRP, and IAP) and their beneficiaries or alternate payees. The budget also supports administration of a tax-qualified deferred compensation plan (the Oregon Savings Growth Plan) and several retiree health insurance premium trusts. PERS also fulfills the state's role in administering the federal Social Security program with local government employers.

The budget in the Operations Program reflects only a fraction of the agency's total expenditures. In fact, PERS services the largest "payroll" in the state, processing in excess of \$3.6 billion in benefit payments every year (the equivalent of some one-third of the total public employment payroll in Oregon). Using those benefit payments as a measure of the impact PERS has on Oregon's citizens and economy, this agency clearly constitutes one of the major components of the government sector in all of Oregon.

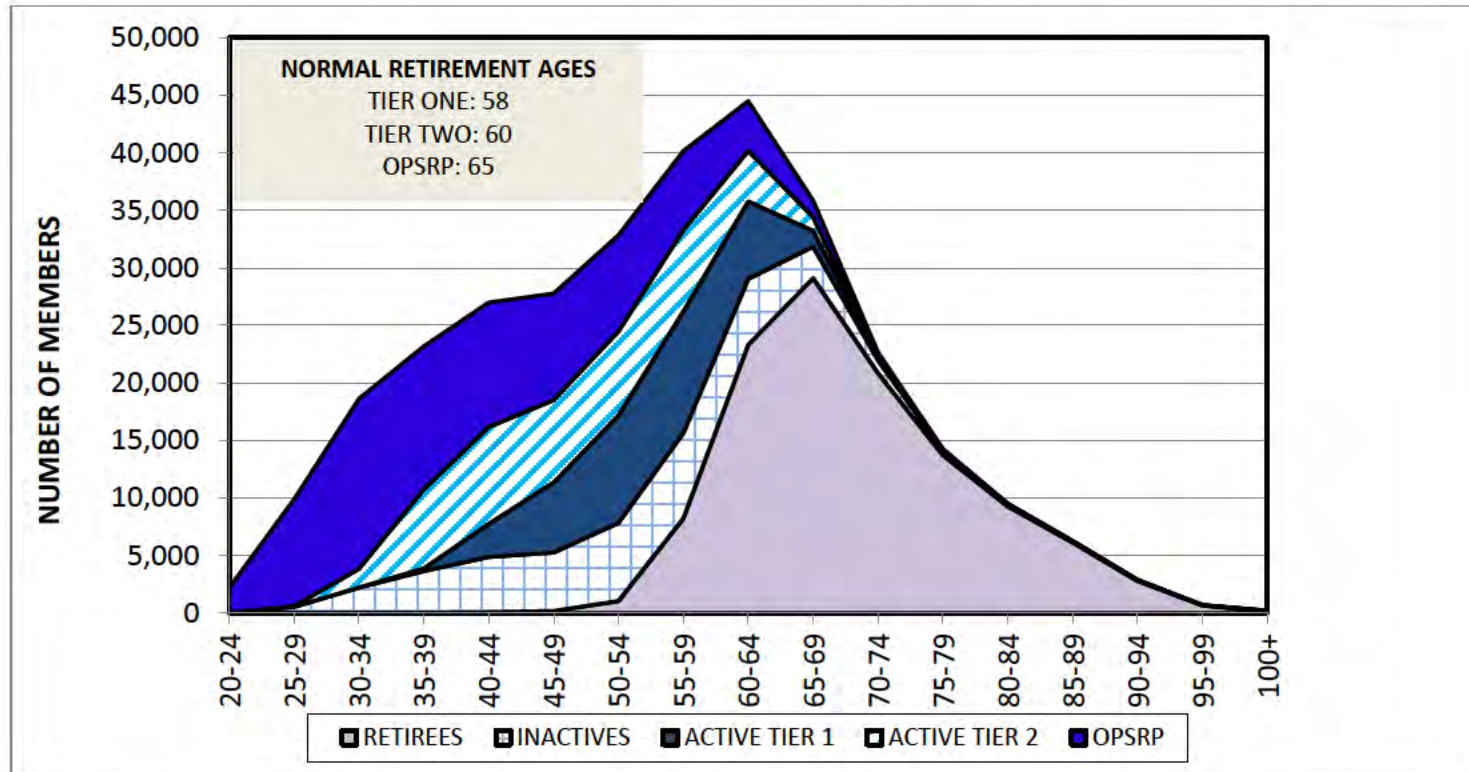
The drive toward efficiency and service improvement has resulted in the budget limitation for this program area remaining stable from \$85 million and 401 FTE in 2003-05 to \$86.8 million with 364 FTE in 2013-15. The improvements in agency operations were

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

## BUDGET NARRATIVE

achieved through restructuring processes and leveraging new technologies, such as the agency's recently deployed Oregon Retirement Information On-line Network (ORION). These improvements have allowed PERS to administer the significant new programs added in the 2003 PERS reforms (OPSRP Pension and IAP) and make several structural changes to the agency's programs as directed by the legislature while overall staffing has decreased. Just as importantly, service metrics as measured by the agency's Key Performance Measures have generally improved over this same time even as the agency has integrated new programs over a declining staff.

Demands for the agency's services will continue to grow for the next several biennia as an ever-greater percentage of the public work force passes into retirement age. The agency's approved 2013-15 budget is predicated on processing about 7,500-8,000 retirements per year. That average will increase markedly over the next several biennia. There are already some 71,000 PERS members currently eligible to retire, with more members becoming eligible every year. PERS' strategic imperative is to enhance efficiencies and improve processes to handle this rapidly increasing benefit administration workload, rather than increase head-count to maintain service levels.



## BUDGET NARRATIVE

Supporting the focus on process improvements and service enhancements, however, requires a new paradigm in the agency's structure and management systems. The 2015-17 Governor's Budget is predicated on a fundamental framework that defines the agency's core operating and supporting processes. Through those processes, PERS delivers member services with a highly efficient, automated payment system. That level of process efficiency and technology leveraging often obscures the agency's operational scope. The metrics show that PERS is responsible for timely, accurate, and proficient distribution of 70% of the Other Funds expenditures in Oregon. Easily one in three Oregonians has some connection to a PERS member, reflecting the agency's widespread impact within this state. But the agency's position classifications are still viewed through a prism of the number of FTE in the agency, not by the statewide impact or total value of the services our Operations budget provides. This perception constrains the level of professional skills we are able to attract and retain to further develop our operations and manage our staff as financial services professionals.

### **Program Justification and Link to 10-Year Plan Outcomes**

The PERS Operations Program strongly aligns to the goals and strategies in the Improving Government area of the 10-Year Plan Outcome areas. Given the vital role that PERS plays in public employee recruitment and retention; the often critical nature of PERS death and disability and retiree health insurance benefits; the valued retirement security that PERS provides to long-term public servants; and the substantial economic impact of PERS benefit payments to communities throughout the state, it could be argued that PERS is indirectly linked to all of the 10-Year Plan Outcome areas.

This program combines the administration of defined benefit retirement plans and other benefit trusts for all state agencies and schools, as well as over 90% of local government employees. PERS administers these programs to provide assistance and service to all these public employers and employees. This combined administration allows investment in operational efficiencies (such as web-based employer reporting, customer service, and benefit processing) that would not be economically feasible for individual agencies.

As a combined benefit plan administrator, these public employers' benefit plans are provided within the lowest-cost framework. The fundamental advantages of a multi-employer defined benefit plan are institutional fund investment, which enhances return and reduces investment expenses; risk sharing pools, which spread actuarial experience costs over a broader base; benefit portability, which allows members to transfer among participating employers without impacting benefit accruals; and unified administration, which allows for enhanced professionalism and economies of scale. Those advantages allow member and employer contributions to provide the maximum positive economic impact to state and local economies when the benefits are spent by recipients in their community.

## BUDGET NARRATIVE

### Program Performance

Fiscal Year	Total Members Served	Annual Admin. Cost per Member (\$)	% Initial Service Retirements Paid in 45 Days	Member Satisfaction Rating - Overall
2007	330,900	140	7%	83%
2008	329,956	136	33%	91%
2009	329,611	140	56%	93%
2010	334,468	121	21%	91%
2011	352,826	115	40%	94%
2012	353,998	125	47%	83%
2013	354,502	127	55%	88%

### Enabling Legislation/Program Authorization

Enabling legislation for PERS Operations (administrative costs) are:

- Oregon Revised Statute (ORS) 237.500; 238.490, & 610; and 243.470.
- Oregon Administrative Rules Chapter 459

Notably, the governing authority for the PERS system is vested in a five-member board appointed by the Governor and confirmed by the Senate under ORS 238.630. The PERS Board is charged with employing a director and creating such other positions as it deems necessary for sound and economical administration of the system.

### Funding Streams

ORS 238.610 directs that the administrative operations expenses for PERS are paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers. PERS annual operations expenses, when measured as a percent of the \$70 billion PERS Fund, represent less than 6 basis points (0.06%). Any earnings not used to support agency operations must be otherwise expended solely for the exclusive benefit of PERS members.

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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## BUDGET NARRATIVE

### Significant Proposed Program Changes from 2013-15

Requested Limited Other Funds reflect an increase of \$8,130,272 over the 2013-15 operating budget of \$86,851,130 and will enable the Agency to maintain current service delivery levels while enhancing performance measurement in the areas of process improvement and technology.

# BUDGET NARRATIVE

## Operations

### Budget Overview

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

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

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

### Central Administration

Central Administration, in conjunction with the PERS Board, provides the central direction, planning, and leadership for PERS. The division consists of the executive director, deputy director, Internal Audits and Social Security Program.

### Policy, Planning, and Communications Division

The Policy, Planning, and Communications Division provides services related to legislative policy, rulemaking, legal counsel coordination, legal services, agency determination review and contested case activities including compliance with state and federal statutes, rules, and court decisions. This division also includes all strategic operational planning for both short and long range goals, enterprise- wide project management, and process improvement initiatives. Communication of all events and activities are provided to internal staff, PERS members and the local media through a variety of sources.

### Benefit Payments Division

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



## BUDGET NARRATIVE

### Financial and Administrative Services Division

The Financial and Administrative Services Division (FASD) provides comprehensive financial and administrative services to the agency. This includes financial accounting, reporting, and tax services for all PERS' Trust and agency fund activities, including the Retirement Fund, Deferred Compensation funds, Benefit Equalization Fund, health insurance programs, and Social Security Program. FASD is responsible for agency fiscal operations duties, including the receipt, posting, and deposit of over \$1.68 billion annually in member and employer contributions and the disbursement of approximately \$3.8 billion annually in member and beneficiary benefits. Other fiscal activities include preparation, maintenance, and reporting of the agency's biennial budget, coordination of actuarial services, fiscal analysis, accounts receivable, accounts payable, contracts, and procurement. FASD also contains the Facilities Services Section that manages office supplies, general building maintenance, shipping and receiving, and other various ancillary tasks. Human Resources, Retiree Health Insurance and Deferred Compensation (OSGP) programs and are also located within FASD.

### Information Services Division

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

### Customer Services Division

The Customer Services Division (CSD) provides the window for member, employer, and public interaction with PERS. One of the larger PERS divisions, CSD answers member queries from the Online Member Services (OMS) internet tool, an in house phone team, and in person where it conducts group and individual counseling through various retirement planning sessions. CSD is also responsible for producing benefit estimates and member account statements. Additionally, CSD houses the Membership and Employer Relations section (MERS). MERS enrolls and manages member data and accounts and also handles employer reporting, training, outreach and communication including the annual reconciliation process.

### Base Budget Adjustments

The 2013-15 Other Funds Limitation base budget was adjusted upward by \$186,339 Other Funds due to an increase in Other Payroll Expenses (OPE). The base budget was not adjusted for estimated costs of merit increases or cost of living adjustments.

## BUDGET NARRATIVE

Division	Base Budget (\$)	Essential Packages (\$)	Current Service Level (\$)	Policy Packages (\$)	Governor's Budget (\$)
Central Administration	3,530,642	103,636	3,734,278	(44,386)	3,689,892
Policy Planning and Communication	6,813,953	78,173	6,836,744	(81,440)	6,755,304
Benefit Payments	13,456,715	28,001	13,484,716	333	13,485,049
Financial and Administrative Services	18,979,171	3,691,458	22,015,685	(308,398)	21,707,287
Information Services	24,777,887	(2,702,882)	22,075,005	6,421,773	28,496,778
Customer Services	19,479,101	128,587	19,607,688	1,239,404	20,847,092
<b>Totals</b>	<b>87,037,469</b>	<b>128,587</b>	<b>87,754,116</b>	<b>7,227,286</b>	<b>94,981,402</b>

## BUDGET NARRATIVE

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

Source	Fund	ORBITS Revenue Acct	2011-2013 Actual	2013-15 Legislatively Adopted	2013-15 Estimated Revenue**	2015-17		
						Agency Request	Governor's Budget	Legislatively Adopted
<b>Operations Other Funds:</b>								
Charges for Services – Admin Fees	Limited Other Funds	Charges for Services	2,720,211	2,533,500	3,005,242	3,794,821	3,794,821	
Interest Earnings	Limited Other Funds	Interest Income	22,296	26,250	24,600	30,291	30,291	
Other	Limited Other Funds	Other Revenues	194,245	205,000	62,986	74,000	74,000	
Transfer to Governor's Office	Limited Other Funds	Transfer to Governor's Office	(59,628)	(70,000)				

2015-17

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\*\* All 2013-15 estimated revenue amounts were calculated using unaudited 2014 fiscal year end transactions and then doubling the amount to arrive at the estimate for the biennium.

\_\_\_\_ Agency Request

  X   Governor's

\_\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Charges for Services	2,720,211	2,533,500	2,533,500	3,794,821	3,794,821	-
Interest Income	22,296	26,250	26,250	30,291	30,291	-
Other Revenues	194,245	205,000	205,000	74,000	74,000	-
Transfer In - Intrafund	78,399,309	81,431,320	86,797,837	94,798,338	94,798,338	-
Transfer Out - Intrafund	(7,298,225)	(764,944)	(764,944)	(157,195)	(157,195)	-
Tsfr To Governor, Office of the	(59,628)	(70,000)	(70,000)	-	-	-
<b>Total Other Funds</b>	<b>\$73,978,208</b>	<b>\$83,361,126</b>	<b>\$88,727,643</b>	<b>\$98,540,255</b>	<b>\$98,540,255</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Charges for Services	458,179	312,000	312,000	398,000	398,000	-
Interest Income	2,433	2,000	2,000	3,000	3,000	-
Transfer In - Intrafund	2,070,970	4,870,863	3,255,187	3,432,312	3,432,312	-
Transfer Out - Intrafund	-	(135,600)	(135,600)	(157,195)	(157,195)	-
Tsfr To Governor, Office of the	(59,628)	(70,000)	(70,000)	-	-	-
<b>Total Other Funds</b>	<b>\$2,471,954</b>	<b>\$4,979,263</b>	<b>\$3,363,587</b>	<b>\$3,676,117</b>	<b>\$3,676,117</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

  X   Governor's

\_\_\_ Legislatively Adopted

Budget Page 167

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-02-00-00000

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Charges for Services	426,234	344,000	344,000	615,609	615,609	-
Transfer In - Intrafund	10,739,602	12,225,811	12,779,798	13,151,829	13,151,829	-
<b>Total Other Funds</b>	<b>\$11,165,836</b>	<b>\$12,569,811</b>	<b>\$13,123,798</b>	<b>\$13,767,438</b>	<b>\$13,767,438</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Charges for Services	1,829,412	1,870,000	1,870,000	2,776,712	2,776,712	-
Interest Income	19,863	24,250	24,250	27,291	27,291	-
Other Revenues	194,245	55,000	55,000	74,000	74,000	-
Transfer In - Intrafund	22,847,676	15,406,674	17,443,203	20,488,846	20,488,846	-
Transfer Out - Intrafund	(7,298,225)	(629,344)	(629,344)	-	-	-
<b>Total Other Funds</b>	<b>\$17,592,971</b>	<b>\$16,726,580</b>	<b>\$18,763,109</b>	<b>\$23,366,849</b>	<b>\$23,366,849</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Charges for Services	5,486	3,500	3,500	3,500	3,500	-
Transfer In - Intrafund	20,753,298	24,342,955	26,011,012	28,848,354	28,848,354	-
<b>Total Other Funds</b>	<b>\$20,758,784</b>	<b>\$24,346,455</b>	<b>\$26,014,512</b>	<b>\$28,851,854</b>	<b>\$28,851,854</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-05-00-00000

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Charges for Services	900	4,000	4,000	1,000	1,000	-
Other Revenues	-	150,000	150,000	-	-	-
Transfer In - Intrafund	16,296,839	19,518,205	19,497,586	21,984,871	21,984,871	-
<b>Total Other Funds</b>	<b>\$16,297,739</b>	<b>\$19,672,205</b>	<b>\$19,651,586</b>	<b>\$21,985,871</b>	<b>\$21,985,871</b>	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 171

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-06-00-00000

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Transfer In - Intrafund	-	5,066,812	-	-	-	-
<b>Total Other Funds</b>	-	<b>\$5,066,812</b>	-	-	-	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 172

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-07-00-00000

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Transfer In - Intrafund	5,690,924	-	7,811,051	6,892,126	6,892,126	-
<b>Total Other Funds</b>	<b>\$5,690,924</b>	<b>-</b>	<b>\$7,811,051</b>	<b>\$6,892,126</b>	<b>\$6,892,126</b>	<b>-</b>

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 173

# BUDGET NARRATIVE

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

Public Employees Retirement System, Oregon  
2015-17 Biennium

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

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
<b>Other Funds</b>						
Transfer In - Intrafund	-	1,214,881	-	-	-	-
<b>Total Other Funds</b>	-	<b>\$1,214,881</b>	-	-	-	-

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 174

## BUDGET NARRATIVE

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

#### Package Description

This package contains a total increase of \$409,686 Other Funds. The increase is due primarily to the net increase of \$214,598 for the PERS portion of the pension obligation bond. This package includes standard inflation of 3.0 percent on non-PICS personal service expenses such as temporary employees, overtime, shift and other differentials, and unemployment compensation; this accounts for \$35,985 including other payroll expenses. There is an increase of \$66,199 for mass transit taxes applying the new 2015-17 rate of .7237%. Vacancy savings increased by \$92,904 when compared to the 2013-15 biennium. The following table shows the increases in limitation by division.

SCR	Division Title	Amount
500-01	Central Administration	17,768
500-02	Benefit Payments Division	93,148
500-03	Financial and Administrative Services	57,907
500-04	Information Services Division	93,002
500-05	Customer Services Division	118,017
500-07	Policy, Planning, and Communications Division	29,844
	<b>Total</b>	<b>\$409,686</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	4,952	-	-	-	4,952
Overtime Payments	-	-	16,966	-	-	-	16,966
Shift Differential	-	-	64	-	-	-	64
All Other Differential	-	-	6,817	-	-	-	6,817
Public Employees' Retire Cont	-	-	3,766	-	-	-	3,766
Pension Obligation Bond	-	-	214,598	-	-	-	214,598
Social Security Taxes	-	-	2,203	-	-	-	2,203
Unemployment Assessments	-	-	1,217	-	-	-	1,217
Mass Transit Tax	-	-	66,199	-	-	-	66,199
Vacancy Savings	-	-	92,904	-	-	-	92,904
<b>Total Personal Services</b>	-	-	<b>\$409,686</b>	-	-	-	<b>\$409,686</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	409,686	-	-	-	409,686
<b>Total Expenditures</b>	-	-	<b>\$409,686</b>	-	-	-	<b>\$409,686</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(409,686)	-	-	-	(409,686)
<b>Total Ending Balance</b>	-	-	<b>(\$409,686)</b>	-	-	-	<b>(\$409,686)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 176

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	25	-	-	-	25
Overtime Payments	-	-	11	-	-	-	11
All Other Differential	-	-	1,428	-	-	-	1,428
Public Employees' Retire Cont	-	-	228	-	-	-	228
Pension Obligation Bond	-	-	9,859	-	-	-	9,859
Social Security Taxes	-	-	112	-	-	-	112
Unemployment Assessments	-	-	9	-	-	-	9
Mass Transit Tax	-	-	2,386	-	-	-	2,386
Vacancy Savings	-	-	3,710	-	-	-	3,710
<b>Total Personal Services</b>	<b>-</b>	<b>-</b>	<b>\$17,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$17,768</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	17,768	-	-	-	17,768
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>\$17,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$17,768</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(17,768)	-	-	-	(17,768)
<b>Total Ending Balance</b>	<b>-</b>	<b>-</b>	<b>(\$17,768)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$17,768)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 177

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Benefit Payments Division  
 Cross Reference Number: 45900-500-02-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	1,776	-	-	-	1,776
Overtime Payments	-	-	5,098	-	-	-	5,098
All Other Differential	-	-	940	-	-	-	940
Public Employees' Retire Cont	-	-	953	-	-	-	953
Pension Obligation Bond	-	-	48,955	-	-	-	48,955
Social Security Taxes	-	-	598	-	-	-	598
Unemployment Assessments	-	-	310	-	-	-	310
Mass Transit Tax	-	-	13,581	-	-	-	13,581
Vacancy Savings	-	-	20,937	-	-	-	20,937
<b>Total Personal Services</b>	-	-	<b>\$93,148</b>	-	-	-	<b>\$93,148</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	93,148	-	-	-	93,148
<b>Total Expenditures</b>	-	-	<b>\$93,148</b>	-	-	-	<b>\$93,148</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(93,148)	-	-	-	(93,148)
<b>Total Ending Balance</b>	-	-	<b>(\$93,148)</b>	-	-	-	<b>(\$93,148)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 178



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	409	-	-	-	409
Overtime Payments	-	-	372	-	-	-	372
All Other Differential	-	-	719	-	-	-	719
Public Employees' Retire Cont	-	-	173	-	-	-	173
Pension Obligation Bond	-	-	26,481	-	-	-	26,481
Social Security Taxes	-	-	114	-	-	-	114
Unemployment Assessments	-	-	349	-	-	-	349
Mass Transit Tax	-	-	12,426	-	-	-	12,426
Vacancy Savings	-	-	16,864	-	-	-	16,864
<b>Total Personal Services</b>	-	-	<b>\$57,907</b>	-	-	-	<b>\$57,907</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	57,907	-	-	-	57,907
<b>Total Expenditures</b>	-	-	<b>\$57,907</b>	-	-	-	<b>\$57,907</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(57,907)	-	-	-	(57,907)
<b>Total Ending Balance</b>	-	-	<b>(\$57,907)</b>	-	-	-	<b>(\$57,907)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 179

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	588	-	-	-	588
Overtime Payments	-	-	3,283	-	-	-	3,283
Shift Differential	-	-	64	-	-	-	64
All Other Differential	-	-	2,476	-	-	-	2,476
Public Employees' Retire Cont	-	-	919	-	-	-	919
Pension Obligation Bond	-	-	43,653	-	-	-	43,653
Social Security Taxes	-	-	490	-	-	-	490
Unemployment Assessments	-	-	203	-	-	-	203
Mass Transit Tax	-	-	13,206	-	-	-	13,206
Vacancy Savings	-	-	28,120	-	-	-	28,120
<b>Total Personal Services</b>	-	-	<b>\$93,002</b>	-	-	-	<b>\$93,002</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	93,002	-	-	-	93,002
<b>Total Expenditures</b>	-	-	<b>\$93,002</b>	-	-	-	<b>\$93,002</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(93,002)	-	-	-	(93,002)
<b>Total Ending Balance</b>	-	-	<b>(\$93,002)</b>	-	-	-	<b>(\$93,002)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Customer Services Division  
 Cross Reference Number: 45900-500-05-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	1,315	-	-	-	1,315
Overtime Payments	-	-	8,012	-	-	-	8,012
All Other Differential	-	-	965	-	-	-	965
Public Employees' Retire Cont	-	-	1,417	-	-	-	1,417
Pension Obligation Bond	-	-	69,088	-	-	-	69,088
Social Security Taxes	-	-	788	-	-	-	788
Unemployment Assessments	-	-	346	-	-	-	346
Mass Transit Tax	-	-	20,138	-	-	-	20,138
Vacancy Savings	-	-	15,948	-	-	-	15,948
<b>Total Personal Services</b>	-	-	<b>\$118,017</b>	-	-	-	<b>\$118,017</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	118,017	-	-	-	118,017
<b>Total Expenditures</b>	-	-	<b>\$118,017</b>	-	-	-	<b>\$118,017</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(118,017)	-	-	-	(118,017)
<b>Total Ending Balance</b>	-	-	<b>(\$118,017)</b>	-	-	-	<b>(\$118,017)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 181

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Policy, Planning & Communications Division  
 Cross Reference Number: 45900-500-07-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	839	-	-	-	839
Overtime Payments	-	-	190	-	-	-	190
All Other Differential	-	-	289	-	-	-	289
Public Employees' Retire Cont	-	-	76	-	-	-	76
Pension Obligation Bond	-	-	16,562	-	-	-	16,562
Social Security Taxes	-	-	101	-	-	-	101
Mass Transit Tax	-	-	4,462	-	-	-	4,462
Vacancy Savings	-	-	7,325	-	-	-	7,325
<b>Total Personal Services</b>	-	-	<b>\$29,844</b>	-	-	-	<b>\$29,844</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	29,844	-	-	-	29,844
<b>Total Expenditures</b>	-	-	<b>\$29,844</b>	-	-	-	<b>\$29,844</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(29,844)	-	-	-	(29,844)
<b>Total Ending Balance</b>	-	-	<b>(\$29,844)</b>	-	-	-	<b>(\$29,844)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 182

## BUDGET NARRATIVE

### Package 021 Phase-in Programs

#### Package Description

To continue recovering overpaid benefits from a large population of benefit recipients and in conformance with the Oregon Supreme Court (in two decisions from 2005, the *Strunk* and *City of Eugene* cases), an amount of \$742,123 Other Funds in the Financial and Administrative Services Division, is being phased in to cover the efforts of collecting Strunk and City of Eugene receivable dollars and the continuation of three full-time limited duration positions (3.00 FTE).

Of the \$742,123 Other Funds phased in, PERS estimates that \$360,000 is needed to pay collection fees for accounts turned over to the Department of Revenue and private collection agencies. The remaining \$382,123 is needed to cover Personal Services, training, and office expenses associated with the three limited duration positions.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	219,384	-	-	-	219,384
Empl. Rel. Bd. Assessments	-	-	132	-	-	-	132
Public Employees' Retire Cont	-	-	34,642	-	-	-	34,642
Social Security Taxes	-	-	16,783	-	-	-	16,783
Worker's Comp. Assess. (WCD)	-	-	207	-	-	-	207
Mass Transit Tax	-	-	1,316	-	-	-	1,316
Flexible Benefits	-	-	91,584	-	-	-	91,584
<b>Total Personal Services</b>	-	-	<b>\$364,048</b>	-	-	-	<b>\$364,048</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	3,075	-	-	-	3,075
Office Expenses	-	-	15,000	-	-	-	15,000
Other Services and Supplies	-	-	360,000	-	-	-	360,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$378,075</b>	-	-	-	<b>\$378,075</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	742,123	-	-	-	742,123
<b>Total Expenditures</b>	-	-	<b>\$742,123</b>	-	-	-	<b>\$742,123</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(742,123)	-	-	-	(742,123)
<b>Total Ending Balance</b>	-	-	<b>(\$742,123)</b>	-	-	-	<b>(\$742,123)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 184

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Positions</b>							
Total Positions							3
<b>Total Positions</b>	-	-	-	-	-	-	<b>3</b>
<b>Total FTE</b>							
Total FTE							3.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>3.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 185

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Financial & Admin Services Division (FASD)  
Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	219,384	-	-	-	219,384
Empl. Rel. Bd. Assessments	-	-	132	-	-	-	132
Public Employees' Retire Cont	-	-	34,642	-	-	-	34,642
Social Security Taxes	-	-	16,783	-	-	-	16,783
Worker's Comp. Assess. (WCD)	-	-	207	-	-	-	207
Mass Transit Tax	-	-	1,316	-	-	-	1,316
Flexible Benefits	-	-	91,584	-	-	-	91,584
<b>Total Personal Services</b>	-	-	<b>\$364,048</b>	-	-	-	<b>\$364,048</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	3,075	-	-	-	3,075
Office Expenses	-	-	15,000	-	-	-	15,000
Other Services and Supplies	-	-	360,000	-	-	-	360,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$378,075</b>	-	-	-	<b>\$378,075</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	742,123	-	-	-	742,123
<b>Total Expenditures</b>	-	-	<b>\$742,123</b>	-	-	-	<b>\$742,123</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(742,123)	-	-	-	(742,123)
<b>Total Ending Balance</b>	-	-	<b>(\$742,123)</b>	-	-	-	<b>(\$742,123)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 186



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Financial & Admin Services Division (FASD)  
Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Positions</b>							
Total Positions							3
<b>Total Positions</b>	-	-	-	-	-	-	<b>3</b>
<b>Total FTE</b>							
Total FTE							3.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>3.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 187

# BUDGET NARRATIVE

12/15/14 REPORT NO.: PDDPFISCAL DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM PAGE 2  
 REPORT: PACKAGE FISCAL IMPACT REPORT 2015-17 PROD FILE  
 AGENCY:45900 PUB EMPLOYEES RETIREMNT SYSTEM PICS SYSTEM: BUDGET PREPARATION  
 SUMMARY XREF:500-03-00 Financial & Admin Services Div PACKAGE: 021 - Phase-in

POSITION NUMBER	CLASS COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1702101	OA C0212 AA	ACCOUNTING TECHNICIAN 3	1	1.00	24.00	03	3,001.00		72,024 47,524			72,024 47,524
1702102	OA C0212 AA	ACCOUNTING TECHNICIAN 3	1	1.00	24.00	03	3,001.00		72,024 47,524			72,024 47,524
1702103	OA C0212 AA	ACCOUNTING TECHNICIAN 3	1	1.00	24.00	04	3,139.00		75,336 48,300			75,336 48,300
TOTAL PICS SALARY									219,384			219,384
TOTAL PICS OPE									143,348			143,348
TOTAL PICS PERSONAL SERVICES =			3	3.00	72.00				362,732			362,732

## BUDGET NARRATIVE

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

#### Package Description

Total reductions of (\$4,164,450) include scheduled one-time costs and phase-outs for projects approved during the last legislative session. The detail of the total reduction is as follows:

Package by SCR	Total Phase-Out	Central Admin 500-01	Benefit Payments 500-02	Financial and Admin Services 500-03	Information Services 500-04	Customer Services 500-05	Policy, Planning & Commun 500-07
Base Budget - State Government Svc Charge Audit Adjustment	(530,000)	(530,000)					
Pkg. 081 May 2012 Emergency Board	(219,124)			(219,124)			
Pkg. 103 Infrastructure Maintenance and Enhancement	(1,260,000)				(1,260,000)		
Pkg. 4004 HB 5201 IAP Phase 2	(718,750)				(718,750)		
Pkg. 4004 SB 861 COLA Tier & Supplementary Payment	(637,218)		(5,309)		(490,500)	(41,309)	(100,100)
Pkg. 841 SB 822 Infrastructure Maintenance and Enhancement	(799,358)		(182,654)	(134,170)	(425,000)	(57,534)	
<b>Total one-time costs and phase-outs</b>	<b>(4,164,450)</b>	(530,000)	(187,963)	(353,294)	(2,894,250)	(98,843)	(100,100)

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

**Cross Reference Name: Limited - Operations**  
**Cross Reference Number: 45900-500-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	(134,382)	-	-	-	(134,382)
Overtime Payments	-	-	(68,830)	-	-	-	(68,830)
Public Employees' Retire Cont	-	-	(10,868)	-	-	-	(10,868)
Social Security Taxes	-	-	(15,545)	-	-	-	(15,545)
Mass Transit Tax	-	-	(4,500)	-	-	-	(4,500)
<b>Total Personal Services</b>	<b>-</b>	<b>-</b>	<b>(\$234,125)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$234,125)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(7,638)	-	-	-	(7,638)
Office Expenses	-	-	(73,337)	-	-	-	(73,337)
Data Processing	-	-	(135,000)	-	-	-	(135,000)
Professional Services	-	-	(630,000)	-	-	-	(630,000)
IT Professional Services	-	-	(1,859,250)	-	-	-	(1,859,250)
Attorney General	-	-	(100,100)	-	-	-	(100,100)
Other Services and Supplies	-	-	(200,000)	-	-	-	(200,000)
Expendable Prop 250 - 5000	-	-	(9,000)	-	-	-	(9,000)
IT Expendable Property	-	-	(16,000)	-	-	-	(16,000)
<b>Total Services &amp; Supplies</b>	<b>-</b>	<b>-</b>	<b>(\$3,030,325)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$3,030,325)</b>
<b>Capital Outlay</b>							
Data Processing Software	-	-	(477,500)	-	-	-	(477,500)
Data Processing Hardware	-	-	(422,500)	-	-	-	(422,500)
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>(\$900,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$900,000)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	(4,164,450)	-	-	-	(4,164,450)
<b>Total Expenditures</b>	-	-	<b>(\$4,164,450)</b>	-	-	-	<b>(\$4,164,450)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	4,164,450	-	-	-	4,164,450
<b>Total Ending Balance</b>	-	-	<b>\$4,164,450</b>	-	-	-	<b>\$4,164,450</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Professional Services	-	-	(530,000)	-	-	-	(530,000)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$530,000)</b>	-	-	-	<b>(\$530,000)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(530,000)	-	-	-	(530,000)
<b>Total Expenditures</b>	-	-	<b>(\$530,000)</b>	-	-	-	<b>(\$530,000)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	530,000	-	-	-	530,000
<b>Total Ending Balance</b>	-	-	<b>\$530,000</b>	-	-	-	<b>\$530,000</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Benefit Payments Division  
 Cross Reference Number: 45900-500-02-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	(93,600)	-	-	-	(93,600)
Overtime Payments	-	-	(62,630)	-	-	-	(62,630)
Public Employees' Retire Cont	-	-	(9,889)	-	-	-	(9,889)
Social Security Taxes	-	-	(11,951)	-	-	-	(11,951)
Mass Transit Tax	-	-	(1,418)	-	-	-	(1,418)
<b>Total Personal Services</b>	-	-	<b>(\$179,488)</b>	-	-	-	<b>(\$179,488)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(975)	-	-	-	(975)
Office Expenses	-	-	(5,000)	-	-	-	(5,000)
Expendable Prop 250 - 5000	-	-	(2,500)	-	-	-	(2,500)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$8,475)</b>	-	-	-	<b>(\$8,475)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(187,963)	-	-	-	(187,963)
<b>Total Expenditures</b>	-	-	<b>(\$187,963)</b>	-	-	-	<b>(\$187,963)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	187,963	-	-	-	187,963
<b>Total Ending Balance</b>	-	-	<b>\$187,963</b>	-	-	-	<b>\$187,963</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Mass Transit Tax	-	-	(1,199)	-	-	-	(1,199)
<b>Total Personal Services</b>	-	-	<b>(\$1,199)</b>	-	-	-	<b>(\$1,199)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(2,925)	-	-	-	(2,925)
Office Expenses	-	-	(49,170)	-	-	-	(49,170)
Professional Services	-	-	(100,000)	-	-	-	(100,000)
Other Services and Supplies	-	-	(200,000)	-	-	-	(200,000)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$352,095)</b>	-	-	-	<b>(\$352,095)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(353,294)	-	-	-	(353,294)
<b>Total Expenditures</b>	-	-	<b>(\$353,294)</b>	-	-	-	<b>(\$353,294)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	353,294	-	-	-	353,294
<b>Total Ending Balance</b>	-	-	<b>\$353,294</b>	-	-	-	<b>\$353,294</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Data Processing	-	-	(135,000)	-	-	-	(135,000)
IT Professional Services	-	-	(1,859,250)	-	-	-	(1,859,250)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$1,994,250)</b>	-	-	-	<b>(\$1,994,250)</b>
<b>Capital Outlay</b>							
Data Processing Software	-	-	(477,500)	-	-	-	(477,500)
Data Processing Hardware	-	-	(422,500)	-	-	-	(422,500)
<b>Total Capital Outlay</b>	-	-	<b>(\$900,000)</b>	-	-	-	<b>(\$900,000)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(2,894,250)	-	-	-	(2,894,250)
<b>Total Expenditures</b>	-	-	<b>(\$2,894,250)</b>	-	-	-	<b>(\$2,894,250)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	2,894,250	-	-	-	2,894,250
<b>Total Ending Balance</b>	-	-	<b>\$2,894,250</b>	-	-	-	<b>\$2,894,250</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Customer Services Division  
 Cross Reference Number: 45900-500-05-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	(40,782)	-	-	-	(40,782)
Overtime Payments	-	-	(6,200)	-	-	-	(6,200)
Public Employees' Retire Cont	-	-	(979)	-	-	-	(979)
Social Security Taxes	-	-	(3,594)	-	-	-	(3,594)
Mass Transit Tax	-	-	(1,883)	-	-	-	(1,883)
<b>Total Personal Services</b>	-	-	<b>(\$53,438)</b>	-	-	-	<b>(\$53,438)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(3,738)	-	-	-	(3,738)
Office Expenses	-	-	(19,167)	-	-	-	(19,167)
Expendable Prop 250 - 5000	-	-	(6,500)	-	-	-	(6,500)
IT Expendable Property	-	-	(16,000)	-	-	-	(16,000)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$45,405)</b>	-	-	-	<b>(\$45,405)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(98,843)	-	-	-	(98,843)
<b>Total Expenditures</b>	-	-	<b>(\$98,843)</b>	-	-	-	<b>(\$98,843)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	98,843	-	-	-	98,843
<b>Total Ending Balance</b>	-	-	<b>\$98,843</b>	-	-	-	<b>\$98,843</b>

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Policy, Planning & Communications Division  
 Cross Reference Number: 45900-500-07-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	(100,100)	-	-	-	(100,100)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$100,100)</b>	-	-	-	<b>(\$100,100)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(100,100)	-	-	-	(100,100)
<b>Total Expenditures</b>	-	-	<b>(\$100,100)</b>	-	-	-	<b>(\$100,100)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	100,100	-	-	-	100,100
<b>Total Ending Balance</b>	-	-	<b>\$100,100</b>	-	-	-	<b>\$100,100</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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## BUDGET NARRATIVE

### Package 031 Standard Inflation

#### Package Description

The total cost of goods and services and capital outlay increases by \$3,173,652 Other Funds. The Department of Administrative Services (DAS) Price List of Goods and Services and the biennial standard inflation factor of 3.0 percent are the basis for calculating cost increases in services, supplies, and capital outlay. Attorney General expenditures decreased by (\$20,970), based on the mix of services utilized by PERS.

The DAS Price List includes assessment charges by DAS and the Secretary of State as well as costs for central services and other selected items totaling an increase of \$2,986,878 in State Government Service Charges. Treasury charges are based on a user fee price list and are part of State Government Service Charges. Selected DAS estimated charges were transferred out of State Government Service Charges, decreasing by (\$106,874), and applied to other Services & Supplies categories.

This increase in DAS Price List of Goods and Services is attributable to several major factors:

- DAS Chief Financial Office changed their methodology in calculating the agency’s Budget and Management assessment that resulted in an increase of \$1,420,324.
- DAS Enterprise Technology Services introduced the Statewide Fixed Investment Costs Assessment that resulted in an increase of \$522,045.
- The annual audit of PERS’ Comprehensive Annual Financial Report (CAFR) is performed by an outside firm with oversight by the Secretary of State Audits Division. The total cost in the current biennium was split between the oversight cost budgeted in State Government Service Charges and the annual audit of the CAFR budgeted in Professional Services. The Secretary of State Audits Division estimated a total cost of \$900,000 for both services and this amount is budgeted in State Government Service Charges in 2015-17. The additional cost of auditing PERS’ compliance with the two new Pension Accounting and Financial Reporting in accordance with generally accepted accounting principles (GAAP) are included in this estimate.

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

SCR	Division Title	Amount
500-01	Central Administration	642,325
500-02	Benefit Payments Division	18,903
500-03	Financial and Administrative Services	2,272,940
500-04	Information Services Division	228,463
500-05	Customer Services Division	17,434
500-07	Policy, Planning, and Communications Division	(6,413)
	<b>Total</b>	<b>\$3,173,652</b>

## BUDGET NARRATIVE

### State Government Service Charges

DAS Estimated Charges transferred to Services & Supplies total \$106,874. The total increase of \$2,986,878 in State Government Service Charges, as reflected in Package 031 is detailed below:

<b>DAS Service Charges:</b>	<b>2013-15 LAB</b>	<b>Transfer to Services &amp; Supplies</b>	<b>2015-17 Adjusted Base</b>	<b>2015-17 GB</b>	<b>Difference</b>
Chief Operating Office (COO)	60,251		60,251	75,578	15,327
Chief Financial Office (CFO)	69,962		69,962	1,490,286	1,420,324
Chief Information Office (CIO)	53,844		53,844	112,918	59,074
Chief Human Resource Office (CHRO)	63,216		63,216	168,010	104,794
Enterprise Technology Services (ETS)	7,402		7,402	529,447	522,045
Enterprise Asset Management (EAM)	18,682		18,682	158,411	139,729
Enterprise Goods & Services (EGS)	607,908	(77,065)	530,843	529,380	(1,463)
Enterprise Human Resource Services (EHRS)	29,809	(29,809)			
<b>Total DAS State Government Service Charges</b>	<b>\$911,074</b>	<b>(\$106,874)</b>	<b>\$804,200</b>	<b>\$3,064,030</b>	<b>\$2,259,830</b>
<b>Oregon Secretary of State Charges:</b>					
Audits Division	7,500		7,500	900,000	892,500
Archives Security	9,443		9,443	9,572	129
Administrative Rules	3,551		3,551	8,229	4,678
Archives Compact Shelving	4,250		4,250	4,692	442
Archives Records Management	30,753		30,753	38,977	8,224
<b>Total Secretary of State Govt. Service Charges</b>	<b>\$55,497</b>	<b>\$0</b>	<b>\$55,497</b>	<b>\$961,470</b>	<b>\$905,973</b>

## BUDGET NARRATIVE

<b>Oregon State Treasury Charges:</b>					
State Treasury Charges (based on user fees)	184,643		184,643	105,575	(79,068)
Debt Mgmt.-Certificates of Participation Charges	1,134		1,134	749	(385)
<b>Total State Treasury Govt. Service Charges</b>	<b>\$185,777</b>	<b>\$0</b>	<b>\$185,777</b>	<b>\$106,324</b>	<b>(\$79,453)</b>
<b>Central Government Service Charges</b>	<b>323,915</b>		<b>323,915</b>	<b>234,322</b>	<b>(89,593)</b>
<b>Oregon Government Ethics</b>	<b>8,687</b>		<b>8,687</b>	<b>5,083</b>	<b>(3,604)</b>
<b>Oregon State Library Assessment</b>	<b>51,669</b>		<b>51,669</b>	<b>48,419</b>	<b>(3,250)</b>
<b>State of Oregon Law Library</b>	<b>22,969</b>		<b>22,969</b>	<b>22,732</b>	<b>(237)</b>
<b>Oregon State Police – Capital Mall Security</b>	<b>10,888</b>		<b>10,888</b>	<b>11,211</b>	<b>323</b>
<b>OR Minority Women &amp; Emerging Small Business</b>	<b>19,936</b>		<b>19,936</b>	<b>16,825</b>	<b>(3,111)</b>
<b>Total State Government Service Charges</b>	<b>\$1,590,412</b>	<b>(\$106,874)</b>	<b>\$1,483,538</b>	<b>\$4,470,416</b>	<b>\$2,986,878</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	-	-	-	-	-
Shift Differential	-	-	-	-	-	-	-
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Unemployment Assessments	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	6,584	-	-	-	6,584
Out of State Travel	-	-	237	-	-	-	237
Employee Training	-	-	16,915	-	-	-	16,915
Office Expenses	-	-	51,868	-	-	-	51,868
Telecommunications	-	-	15,643	-	-	-	15,643
State Gov. Service Charges	-	-	2,986,878	-	-	-	2,986,878
Data Processing	-	-	109,151	-	-	-	109,151
Publicity and Publications	-	-	7,268	-	-	-	7,268
Professional Services	-	-	(174,464)	-	-	-	(174,464)
IT Professional Services	-	-	53,227	-	-	-	53,227
Attorney General	-	-	(20,970)	-	-	-	(20,970)
Dispute Resolution Services	-	-	2,468	-	-	-	2,468
Employee Recruitment and Develop	-	-	1,653	-	-	-	1,653
Dues and Subscriptions	-	-	1,085	-	-	-	1,085
Facilities Rental and Taxes	-	-	32,694	-	-	-	32,694

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\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Fuels and Utilities	-	-	8,374	-	-	-	8,374
Facilities Maintenance	-	-	33,544	-	-	-	33,544
Other Services and Supplies	-	-	3,954	-	-	-	3,954
Expendable Prop 250 - 5000	-	-	2,634	-	-	-	2,634
IT Expendable Property	-	-	17,555	-	-	-	17,555
<b>Total Services &amp; Supplies</b>	-	-	<b>\$3,156,298</b>	-	-	-	<b>\$3,156,298</b>
<b>Capital Outlay</b>							
Office Furniture and Fixtures	-	-	1,005	-	-	-	1,005
Telecommunications Equipment	-	-	2,043	-	-	-	2,043
Data Processing Software	-	-	2,505	-	-	-	2,505
Data Processing Hardware	-	-	11,801	-	-	-	11,801
<b>Total Capital Outlay</b>	-	-	<b>\$17,354</b>	-	-	-	<b>\$17,354</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	3,173,652	-	-	-	3,173,652
<b>Total Expenditures</b>	-	-	<b>\$3,173,652</b>	-	-	-	<b>\$3,173,652</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(3,173,652)	-	-	-	(3,173,652)
<b>Total Ending Balance</b>	-	-	<b>(\$3,173,652)</b>	-	-	-	<b>(\$3,173,652)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 202



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	-	-	-	-	-
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Unemployment Assessments	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	386	-	-	-	386
Out of State Travel	-	-	75	-	-	-	75
Employee Training	-	-	1,691	-	-	-	1,691
Office Expenses	-	-	313	-	-	-	313
Telecommunications	-	-	5	-	-	-	5
State Gov. Service Charges	-	-	900,000	-	-	-	900,000
Data Processing	-	-	92	-	-	-	92
Professional Services	-	-	(260,946)	-	-	-	(260,946)
Attorney General	-	-	187	-	-	-	187
Dues and Subscriptions	-	-	161	-	-	-	161
Expendable Prop 250 - 5000	-	-	102	-	-	-	102
IT Expendable Property	-	-	259	-	-	-	259
<b>Total Services &amp; Supplies</b>	-	-	<b>\$642,325</b>	-	-	-	<b>\$642,325</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	642,325	-	-	-	642,325
<b>Total Expenditures</b>	-	-	<b>\$642,325</b>	-	-	-	<b>\$642,325</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(642,325)	-	-	-	(642,325)
<b>Total Ending Balance</b>	-	-	<b>(\$642,325)</b>	-	-	-	<b>(\$642,325)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 204

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Benefit Payments Division  
 Cross Reference Number: 45900-500-02-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	-	-	-	-	-
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Unemployment Assessments	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	118	-	-	-	118
Out of State Travel	-	-	47	-	-	-	47
Employee Training	-	-	2,495	-	-	-	2,495
Office Expenses	-	-	1,514	-	-	-	1,514
Professional Services	-	-	13,101	-	-	-	13,101
Employee Recruitment and Develop	-	-	140	-	-	-	140
Dues and Subscriptions	-	-	88	-	-	-	88
Expendable Prop 250 - 5000	-	-	559	-	-	-	559
IT Expendable Property	-	-	841	-	-	-	841
<b>Total Services &amp; Supplies</b>	-	-	<b>\$18,903</b>	-	-	-	<b>\$18,903</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	18,903	-	-	-	18,903
<b>Total Expenditures</b>	-	-	<b>\$18,903</b>	-	-	-	<b>\$18,903</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Benefit Payments Division  
 Cross Reference Number: 45900-500-02-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	(18,903)	-	-	-	(18,903)
<b>Total Ending Balance</b>	-	-	<b>(\$18,903)</b>	-	-	-	<b>(\$18,903)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 206

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

**Cross Reference Name: Financial & Admin Services Division (FASD)**  
**Cross Reference Number: 45900-500-03-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	-	-	-	-	-
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Unemployment Assessments	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	2,527	-	-	-	2,527
Out of State Travel	-	-	51	-	-	-	51
Employee Training	-	-	2,567	-	-	-	2,567
Office Expenses	-	-	34,024	-	-	-	34,024
State Gov. Service Charges	-	-	2,086,878	-	-	-	2,086,878
Publicity and Publications	-	-	200	-	-	-	200
Professional Services	-	-	60,519	-	-	-	60,519
Attorney General	-	-	3,510	-	-	-	3,510
Employee Recruitment and Develop	-	-	1,373	-	-	-	1,373
Dues and Subscriptions	-	-	269	-	-	-	269
Facilities Rental and Taxes	-	-	32,694	-	-	-	32,694
Fuels and Utilities	-	-	8,374	-	-	-	8,374
Facilities Maintenance	-	-	33,452	-	-	-	33,452
Other Services and Supplies	-	-	3,954	-	-	-	3,954
Expendable Prop 250 - 5000	-	-	546	-	-	-	546

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 207

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
IT Expendable Property	-	-	997	-	-	-	997
<b>Total Services &amp; Supplies</b>	-	-	<b>\$2,271,935</b>	-	-	-	<b>\$2,271,935</b>
<b>Capital Outlay</b>							
Office Furniture and Fixtures	-	-	1,005	-	-	-	1,005
<b>Total Capital Outlay</b>	-	-	<b>\$1,005</b>	-	-	-	<b>\$1,005</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	2,272,940	-	-	-	2,272,940
<b>Total Expenditures</b>	-	-	<b>\$2,272,940</b>	-	-	-	<b>\$2,272,940</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(2,272,940)	-	-	-	(2,272,940)
<b>Total Ending Balance</b>	-	-	<b>(\$2,272,940)</b>	-	-	-	<b>(\$2,272,940)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

  X   Governor's

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	-	-	-	-	-
Shift Differential	-	-	-	-	-	-	-
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Unemployment Assessments	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	107	-	-	-	107
Employee Training	-	-	5,139	-	-	-	5,139
Office Expenses	-	-	10,703	-	-	-	10,703
Telecommunications	-	-	15,638	-	-	-	15,638
Data Processing	-	-	109,059	-	-	-	109,059
Professional Services	-	-	3,319	-	-	-	3,319
IT Professional Services	-	-	53,227	-	-	-	53,227
Employee Recruitment and Develop	-	-	61	-	-	-	61
Dues and Subscriptions	-	-	205	-	-	-	205
Facilities Maintenance	-	-	92	-	-	-	92
Expendable Prop 250 - 5000	-	-	499	-	-	-	499
IT Expendable Property	-	-	14,065	-	-	-	14,065
<b>Total Services &amp; Supplies</b>	-	-	<b>\$212,114</b>	-	-	-	<b>\$212,114</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 209

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Information Services Division  
Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Telecommunications Equipment	-	-	2,043	-	-	-	2,043
Data Processing Software	-	-	2,505	-	-	-	2,505
Data Processing Hardware	-	-	11,801	-	-	-	11,801
<b>Total Capital Outlay</b>	-	-	<b>\$16,349</b>	-	-	-	<b>\$16,349</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	228,463	-	-	-	228,463
<b>Total Expenditures</b>	-	-	<b>\$228,463</b>	-	-	-	<b>\$228,463</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(228,463)	-	-	-	(228,463)
<b>Total Ending Balance</b>	-	-	<b>(\$228,463)</b>	-	-	-	<b>(\$228,463)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 210



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Customer Services Division  
Cross Reference Number: 45900-500-05-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	-	-	-	-	-
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Unemployment Assessments	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	3,408	-	-	-	3,408
Out of State Travel	-	-	47	-	-	-	47
Employee Training	-	-	3,477	-	-	-	3,477
Office Expenses	-	-	4,303	-	-	-	4,303
Professional Services	-	-	4,346	-	-	-	4,346
Dues and Subscriptions	-	-	52	-	-	-	52
Expendable Prop 250 - 5000	-	-	720	-	-	-	720
IT Expendable Property	-	-	1,081	-	-	-	1,081
<b>Total Services &amp; Supplies</b>	-	-	<b>\$17,434</b>	-	-	-	<b>\$17,434</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	17,434	-	-	-	17,434
<b>Total Expenditures</b>	-	-	<b>\$17,434</b>	-	-	-	<b>\$17,434</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Customer Services Division  
 Cross Reference Number: 45900-500-05-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	(17,434)	-	-	-	(17,434)
<b>Total Ending Balance</b>	-	-	<b>(\$17,434)</b>	-	-	-	<b>(\$17,434)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Policy, Planning & Communications Division  
 Cross Reference Number: 45900-500-07-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	-	-	-	-	-
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	38	-	-	-	38
Out of State Travel	-	-	17	-	-	-	17
Employee Training	-	-	1,546	-	-	-	1,546
Office Expenses	-	-	1,011	-	-	-	1,011
Publicity and Publications	-	-	7,068	-	-	-	7,068
Professional Services	-	-	5,197	-	-	-	5,197
Attorney General	-	-	(24,667)	-	-	-	(24,667)
Dispute Resolution Services	-	-	2,468	-	-	-	2,468
Employee Recruitment and Develop	-	-	79	-	-	-	79
Dues and Subscriptions	-	-	310	-	-	-	310
Expendable Prop 250 - 5000	-	-	208	-	-	-	208
IT Expendable Property	-	-	312	-	-	-	312
<b>Total Services &amp; Supplies</b>	-	-	(\$6,413)	-	-	-	(\$6,413)

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Policy, Planning & Communications Division  
 Cross Reference Number: 45900-500-07-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	(6,413)	-	-	-	(6,413)
<b>Total Expenditures</b>	-	-	<b>(\$6,413)</b>	-	-	-	<b>(\$6,413)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	6,413	-	-	-	6,413
<b>Total Ending Balance</b>	-	-	<b>\$6,413</b>	-	-	-	<b>\$6,413</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

Budget Page 214

## BUDGET NARRATIVE

### Package 032 Above Standard Inflation

#### Package Description

The total cost of goods and services above standard inflation increases by \$485,636 Other Funds. Per SABR’s direction, selected DAS Estimated Charges were transferred from State Government Service Charges and increase Services & Supplies categories by \$106,874 at base budget.

As result of transferring selected DAS Estimated Charges to Services & Supplies categories, some line items required Above Standard Inflation rate increases. Telecommunications increases by \$45,236, Data Processing increases by \$12,329, Dispute Resolution Services increases by \$95,769, Employee Recruitment & Development increases by \$3,902, and other Services & Supplies increases by \$313,523.

Non-state employee personnel costs (contract providers) rate as applied to the Professional Services and IT Professional Services line items is 3.3 percent. Applying the .3 percent inflation factor above the 3.0 percent standard inflation results in a \$9,554 increase in Professional Services and a \$5,323 increase in IT Professional Services.

The following table shows the increase in Other Funds limitation for each division.

SCR	Division Title	Amount
500-01	Central Administration	905
500-02	Benefit Payments Division	1,310
500-03	Financial and Administrative Services Division	323,477
500-04	Information Services Division	63,220
500-05	Customer Services Division	435
500-07	Policy, Planning, and Communications Division	96,289
	<b>Total</b>	<b>\$485,636</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 032 - Above Standard Inflation

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Telecommunications	-	-	45,236	-	-	-	45,236
Data Processing	-	-	12,329	-	-	-	12,329
Professional Services	-	-	9,554	-	-	-	9,554
IT Professional Services	-	-	5,323	-	-	-	5,323
Dispute Resolution Services	-	-	95,769	-	-	-	95,769
Employee Recruitment and Develop	-	-	3,902	-	-	-	3,902
Other Services and Supplies	-	-	313,523	-	-	-	313,523
<b>Total Services &amp; Supplies</b>	-	-	<b>\$485,636</b>	-	-	-	<b>\$485,636</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	485,636	-	-	-	485,636
<b>Total Expenditures</b>	-	-	<b>\$485,636</b>	-	-	-	<b>\$485,636</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(485,636)	-	-	-	(485,636)
<b>Total Ending Balance</b>	-	-	<b>(\$485,636)</b>	-	-	-	<b>(\$485,636)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 032 - Above Standard Inflation

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Professional Services	-	-	905	-	-	-	905
<b>Total Services &amp; Supplies</b>	-	-	<b>\$905</b>	-	-	-	<b>\$905</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	905	-	-	-	905
<b>Total Expenditures</b>	-	-	<b>\$905</b>	-	-	-	<b>\$905</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(905)	-	-	-	(905)
<b>Total Ending Balance</b>	-	-	<b>(\$905)</b>	-	-	-	<b>(\$905)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 032 - Above Standard Inflation

Cross Reference Name: Benefit Payments Division  
 Cross Reference Number: 45900-500-02-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Professional Services	-	-	1,310	-	-	-	1,310
<b>Total Services &amp; Supplies</b>	-	-	<b>\$1,310</b>	-	-	-	<b>\$1,310</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	1,310	-	-	-	1,310
<b>Total Expenditures</b>	-	-	<b>\$1,310</b>	-	-	-	<b>\$1,310</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(1,310)	-	-	-	(1,310)
<b>Total Ending Balance</b>	-	-	<b>(\$1,310)</b>	-	-	-	<b>(\$1,310)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 032 - Above Standard Inflation

Cross Reference Name: Financial & Admin Services Division (FASD)  
Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Professional Services	-	-	6,052	-	-	-	6,052
Employee Recruitment and Develop	-	-	3,902	-	-	-	3,902
Other Services and Supplies	-	-	313,523	-	-	-	313,523
<b>Total Services &amp; Supplies</b>	-	-	<b>\$323,477</b>	-	-	-	<b>\$323,477</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	323,477	-	-	-	323,477
<b>Total Expenditures</b>	-	-	<b>\$323,477</b>	-	-	-	<b>\$323,477</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(323,477)	-	-	-	(323,477)
<b>Total Ending Balance</b>	-	-	<b>(\$323,477)</b>	-	-	-	<b>(\$323,477)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 032 - Above Standard Inflation

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Telecommunications	-	-	45,236	-	-	-	45,236
Data Processing	-	-	12,329	-	-	-	12,329
Professional Services	-	-	332	-	-	-	332
IT Professional Services	-	-	5,323	-	-	-	5,323
<b>Total Services &amp; Supplies</b>	-	-	<b>\$63,220</b>	-	-	-	<b>\$63,220</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	63,220	-	-	-	63,220
<b>Total Expenditures</b>	-	-	<b>\$63,220</b>	-	-	-	<b>\$63,220</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(63,220)	-	-	-	(63,220)
<b>Total Ending Balance</b>	-	-	<b>(\$63,220)</b>	-	-	-	<b>(\$63,220)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 032 - Above Standard Inflation

Cross Reference Name: Customer Services Division  
 Cross Reference Number: 45900-500-05-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Professional Services	-	-	435	-	-	-	435
<b>Total Services &amp; Supplies</b>	-	-	<b>\$435</b>	-	-	-	<b>\$435</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	435	-	-	-	435
<b>Total Expenditures</b>	-	-	<b>\$435</b>	-	-	-	<b>\$435</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(435)	-	-	-	(435)
<b>Total Ending Balance</b>	-	-	<b>(\$435)</b>	-	-	-	<b>(\$435)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 032 - Above Standard Inflation

Cross Reference Name: Policy, Planning & Communications Division  
 Cross Reference Number: 45900-500-07-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Professional Services	-	-	520	-	-	-	520
Dispute Resolution Services	-	-	95,769	-	-	-	95,769
<b>Total Services &amp; Supplies</b>	-	-	<b>\$96,289</b>	-	-	-	<b>\$96,289</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	96,289	-	-	-	96,289
<b>Total Expenditures</b>	-	-	<b>\$96,289</b>	-	-	-	<b>\$96,289</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(96,289)	-	-	-	(96,289)
<b>Total Ending Balance</b>	-	-	<b>(\$96,289)</b>	-	-	-	<b>(\$96,289)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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## BUDGET NARRATIVE

### Package 060 Technical Adjustments

#### Package Description

The Governor's Office Ombudsman charge is a one-time technical adjustment to apply \$70,000 Other Funds in Operations to be recorded in the State Government Service Charge account. This is to comply with SARS direction to treat partial payment of an Ombudsman in the Governor's Office as an expense rather than a revenue transfer.

A one-time technical adjustment to move \$114,270 Other Funds in Operations from the Professional Services category to IT Professional Services category in the base budget is to re-align the budget with actual expenditures from AY13 and AY15 to date.

A one-time technical adjustment to Facilities Rent surplus of \$214,733 was transferred to the Facilities Maintenance category to cover expected deficits and any unforeseen Facilities Maintenance costs.

In addition, Unemployment Assessment, Training, Office Expenses, and IT Expendable Property line item budgets were re-aligned resulting in a zero net change.

The following table shows the adjustments by division.

SCR	Division Title	Amount
500-01	Central Administration	72,638
500-02	Benefit Payments Division	102,603
500-03	Financial and Administrative Services	(6,639)
500-04	Information Services Division	(193,317)
500-05	Customer Services Division	91,544
500-07	Policy, Planning, and Communications Division	3,171
	<b>Total</b>	<b>\$70,000</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Unemployment Assessments	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
State Gov. Service Charges	-	-	70,000	-	-	-	70,000
Professional Services	-	-	(114,271)	-	-	-	(114,271)
IT Professional Services	-	-	114,271	-	-	-	114,271
Facilities Rental and Taxes	-	-	(214,733)	-	-	-	(214,733)
Facilities Maintenance	-	-	214,733	-	-	-	214,733
IT Expendable Property	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	<b>\$70,000</b>	-	-	-	<b>\$70,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	70,000	-	-	-	70,000
<b>Total Expenditures</b>	-	-	<b>\$70,000</b>	-	-	-	<b>\$70,000</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(70,000)	-	-	-	(70,000)
<b>Total Ending Balance</b>	-	-	<b>(\$70,000)</b>	-	-	-	<b>(\$70,000)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Unemployment Assessments	-	-	(325)	-	-	-	(325)
<b>Total Personal Services</b>	-	-	<b>(\$325)</b>	-	-	-	<b>(\$325)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(1,390)	-	-	-	(1,390)
Office Expenses	-	-	9,252	-	-	-	9,252
State Gov. Service Charges	-	-	70,000	-	-	-	70,000
IT Expendable Property	-	-	(4,899)	-	-	-	(4,899)
<b>Total Services &amp; Supplies</b>	-	-	<b>\$72,963</b>	-	-	-	<b>\$72,963</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	72,638	-	-	-	72,638
<b>Total Expenditures</b>	-	-	<b>\$72,638</b>	-	-	-	<b>\$72,638</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(72,638)	-	-	-	(72,638)
<b>Total Ending Balance</b>	-	-	<b>(\$72,638)</b>	-	-	-	<b>(\$72,638)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Benefit Payments Division  
Cross Reference Number: 45900-500-02-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Unemployment Assessments	-	-	(10,653)	-	-	-	(10,653)
<b>Total Personal Services</b>	-	-	<b>(\$10,653)</b>	-	-	-	<b>(\$10,653)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	4,508	-	-	-	4,508
Office Expenses	-	-	106,015	-	-	-	106,015
IT Expendable Property	-	-	2,733	-	-	-	2,733
<b>Total Services &amp; Supplies</b>	-	-	<b>\$113,256</b>	-	-	-	<b>\$113,256</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	102,603	-	-	-	102,603
<b>Total Expenditures</b>	-	-	<b>\$102,603</b>	-	-	-	<b>\$102,603</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(102,603)	-	-	-	(102,603)
<b>Total Ending Balance</b>	-	-	<b>(\$102,603)</b>	-	-	-	<b>(\$102,603)</b>

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\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Unemployment Assessments	-	-	29,817	-	-	-	29,817
<b>Total Personal Services</b>	-	-	<b>\$29,817</b>	-	-	-	<b>\$29,817</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	46,228	-	-	-	46,228
Office Expenses	-	-	(93,326)	-	-	-	(93,326)
Facilities Rental and Taxes	-	-	(193,073)	-	-	-	(193,073)
Facilities Maintenance	-	-	214,733	-	-	-	214,733
IT Expendable Property	-	-	(11,018)	-	-	-	(11,018)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$36,456)</b>	-	-	-	<b>(\$36,456)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(6,639)	-	-	-	(6,639)
<b>Total Expenditures</b>	-	-	<b>(\$6,639)</b>	-	-	-	<b>(\$6,639)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	6,639	-	-	-	6,639
<b>Total Ending Balance</b>	-	-	<b>\$6,639</b>	-	-	-	<b>\$6,639</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Unemployment Assessments	-	-	(6,966)	-	-	-	(6,966)
<b>Total Personal Services</b>	-	-	<b>(\$6,966)</b>	-	-	-	<b>(\$6,966)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(45,431)	-	-	-	(45,431)
Office Expenses	-	-	(123,468)	-	-	-	(123,468)
Professional Services	-	-	(114,271)	-	-	-	(114,271)
IT Professional Services	-	-	114,271	-	-	-	114,271
Facilities Rental and Taxes	-	-	(21,660)	-	-	-	(21,660)
IT Expendable Property	-	-	4,208	-	-	-	4,208
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$186,351)</b>	-	-	-	<b>(\$186,351)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(193,317)	-	-	-	(193,317)
<b>Total Expenditures</b>	-	-	<b>(\$193,317)</b>	-	-	-	<b>(\$193,317)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	193,317	-	-	-	193,317
<b>Total Ending Balance</b>	-	-	<b>\$193,317</b>	-	-	-	<b>\$193,317</b>

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Customer Services Division  
 Cross Reference Number: 45900-500-05-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Unemployment Assessments	-	-	(11,873)	-	-	-	(11,873)
<b>Total Personal Services</b>	-	-	<b>(\$11,873)</b>	-	-	-	<b>(\$11,873)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	9,868	-	-	-	9,868
Office Expenses	-	-	84,250	-	-	-	84,250
IT Expendable Property	-	-	9,299	-	-	-	9,299
<b>Total Services &amp; Supplies</b>	-	-	<b>\$103,417</b>	-	-	-	<b>\$103,417</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	91,544	-	-	-	91,544
<b>Total Expenditures</b>	-	-	<b>\$91,544</b>	-	-	-	<b>\$91,544</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(91,544)	-	-	-	(91,544)
<b>Total Ending Balance</b>	-	-	<b>(\$91,544)</b>	-	-	-	<b>(\$91,544)</b>

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Policy, Planning & Communications Division  
Cross Reference Number: 45900-500-07-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(13,783)	-	-	-	(13,783)
Office Expenses	-	-	17,277	-	-	-	17,277
IT Expendable Property	-	-	(323)	-	-	-	(323)
<b>Total Services &amp; Supplies</b>	-	-	<b>\$3,171</b>	-	-	-	<b>\$3,171</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	3,171	-	-	-	3,171
<b>Total Expenditures</b>	-	-	<b>\$3,171</b>	-	-	-	<b>\$3,171</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(3,171)	-	-	-	(3,171)
<b>Total Ending Balance</b>	-	-	<b>(\$3,171)</b>	-	-	-	<b>(\$3,171)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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## BUDGET NARRATIVE

### Package 090 Analyst Adjustments

Package Description as Modified in the Governor's Budget

#### Package Description

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

**Purpose and How Achieved:** PERS reduced \$665,582 Other Funds from Personal Services and an additional \$484,939 in Services and Supplies for a total operating reduction of \$1,150,521.

SCR	Division Title	Package 090 Reductions
500-01	Central Administration	44,386
500-02	Benefit Payments Division	139,373
500-03	Financial Services Division	308,398
500-04	Information Services Division	355,076
500-05	Customer Services Division	221,848
500-07	Policy, Planning and Communications Division	81,440
	<b>Total</b>	<b>\$1,150,521</b>

## BUDGET NARRATIVE

### Staffing Impact:

- None

### 2017-19 Fiscal Impact:

The anticipated impact to 2017-19 is estimated to be approximately the same amount for 2015-17, as this package is for permanent reductions.

### Quantifying Results:

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

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

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	(665,582)	-	-	-	(665,582)
<b>Total Personal Services</b>	-	-	<b>(\$665,582)</b>	-	-	-	<b>(\$665,582)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(4,400)	-	-	-	(4,400)
Office Expenses	-	-	(210,000)	-	-	-	(210,000)
Data Processing	-	-	(109,979)	-	-	-	(109,979)
Publicity and Publications	-	-	(15,000)	-	-	-	(15,000)
Professional Services	-	-	(140,042)	-	-	-	(140,042)
Expendable Prop 250 - 5000	-	-	(2,018)	-	-	-	(2,018)
IT Expendable Property	-	-	(3,500)	-	-	-	(3,500)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$484,939)</b>	-	-	-	<b>(\$484,939)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(1,150,521)	-	-	-	(1,150,521)
<b>Total Expenditures</b>	-	-	<b>(\$1,150,521)</b>	-	-	-	<b>(\$1,150,521)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	1,150,521	-	-	-	1,150,521
<b>Total Ending Balance</b>	-	-	<b>\$1,150,521</b>	-	-	-	<b>\$1,150,521</b>

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\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Central Administration  
Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	(25,958)	-	-	-	(25,958)
<b>Total Personal Services</b>	-	-	<b>(\$25,958)</b>	-	-	-	<b>(\$25,958)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(4,400)	-	-	-	(4,400)
Professional Services	-	-	(14,028)	-	-	-	(14,028)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$18,428)</b>	-	-	-	<b>(\$18,428)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(44,386)	-	-	-	(44,386)
<b>Total Expenditures</b>	-	-	<b>(\$44,386)</b>	-	-	-	<b>(\$44,386)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	44,386	-	-	-	44,386
<b>Total Ending Balance</b>	-	-	<b>\$44,386</b>	-	-	-	<b>\$44,386</b>

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Benefit Payments Division  
 Cross Reference Number: 45900-500-02-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	(125,795)	-	-	-	(125,795)
<b>Total Personal Services</b>	-	-	<b>(\$125,795)</b>	-	-	-	<b>(\$125,795)</b>
<b>Services &amp; Supplies</b>							
Professional Services	-	-	(13,578)	-	-	-	(13,578)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$13,578)</b>	-	-	-	<b>(\$13,578)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(139,373)	-	-	-	(139,373)
<b>Total Expenditures</b>	-	-	<b>(\$139,373)</b>	-	-	-	<b>(\$139,373)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	139,373	-	-	-	139,373
<b>Total Ending Balance</b>	-	-	<b>\$139,373</b>	-	-	-	<b>\$139,373</b>

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Financial & Admin Services Division (FASD)  
Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	(112,483)	-	-	-	(112,483)
<b>Total Personal Services</b>	-	-	<b>(\$112,483)</b>	-	-	-	<b>(\$112,483)</b>
<b>Services &amp; Supplies</b>							
Office Expenses	-	-	(100,000)	-	-	-	(100,000)
Professional Services	-	-	(95,915)	-	-	-	(95,915)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$195,915)</b>	-	-	-	<b>(\$195,915)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(308,398)	-	-	-	(308,398)
<b>Total Expenditures</b>	-	-	<b>(\$308,398)</b>	-	-	-	<b>(\$308,398)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	308,398	-	-	-	308,398
<b>Total Ending Balance</b>	-	-	<b>\$308,398</b>	-	-	-	<b>\$308,398</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Information Services Division  
Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	(145,097)	-	-	-	(145,097)
<b>Total Personal Services</b>	-	-	<b>(\$145,097)</b>	-	-	-	<b>(\$145,097)</b>
<b>Services &amp; Supplies</b>							
Office Expenses	-	-	(100,000)	-	-	-	(100,000)
Data Processing	-	-	(109,979)	-	-	-	(109,979)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$209,979)</b>	-	-	-	<b>(\$209,979)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(355,076)	-	-	-	(355,076)
<b>Total Expenditures</b>	-	-	<b>(\$355,076)</b>	-	-	-	<b>(\$355,076)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	355,076	-	-	-	355,076
<b>Total Ending Balance</b>	-	-	<b>\$355,076</b>	-	-	-	<b>\$355,076</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Customer Services Division  
 Cross Reference Number: 45900-500-05-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	(206,330)	-	-	-	(206,330)
<b>Total Personal Services</b>	-	-	<b>(\$206,330)</b>	-	-	-	<b>(\$206,330)</b>
<b>Services &amp; Supplies</b>							
Office Expenses	-	-	(10,000)	-	-	-	(10,000)
Expendable Prop 250 - 5000	-	-	(2,018)	-	-	-	(2,018)
IT Expendable Property	-	-	(3,500)	-	-	-	(3,500)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$15,518)</b>	-	-	-	<b>(\$15,518)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(221,848)	-	-	-	(221,848)
<b>Total Expenditures</b>	-	-	<b>(\$221,848)</b>	-	-	-	<b>(\$221,848)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	221,848	-	-	-	221,848
<b>Total Ending Balance</b>	-	-	<b>\$221,848</b>	-	-	-	<b>\$221,848</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

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

Cross Reference Name: Policy, Planning & Communications Division  
Cross Reference Number: 45900-500-07-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	(49,919)	-	-	-	(49,919)
<b>Total Personal Services</b>	-	-	<b>(\$49,919)</b>	-	-	-	<b>(\$49,919)</b>
<b>Services &amp; Supplies</b>							
Publicity and Publications	-	-	(15,000)	-	-	-	(15,000)
Professional Services	-	-	(16,521)	-	-	-	(16,521)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$31,521)</b>	-	-	-	<b>(\$31,521)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(81,440)	-	-	-	(81,440)
<b>Total Expenditures</b>	-	-	<b>(\$81,440)</b>	-	-	-	<b>(\$81,440)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	81,440	-	-	-	81,440
<b>Total Ending Balance</b>	-	-	<b>\$81,440</b>	-	-	-	<b>\$81,440</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## Package 101 Current Service Metrics Staffing Request

### Package Description

**Purpose:** PERS requests \$644,083 Other Funds, the establishment of one full-time permanent position (1.00 FTE), the transfer of one permanent position (1.00 FTE) from DAS, and converting 4 limited duration staff from the current biennium to four full-time permanent positions (4.00 FTE) to enhance our service delivery in three key areas. The three necessary components in this package are: Call center staff, Benefit calculation staff, and Custodial staff.

### *Call Center Staff*

**Purpose and How Achieved:** PERS requests \$504,377 Other Funds and the establishment of four full-time permanent positions (4.00 FTE), currently limited duration positions in the Customer Service Division to maintain current service delivery level. The notable increase in call volume across recent biennia has decreased the “favorable outcomes” for members who do call (i.e., increases in wait times and abandonment rates, decreases in call quality and member satisfaction ratings). PERS recently established four Retirement Counselor 1 limited duration positions in November 2014 through a fiscal appropriation to implement 2013 PERS reform legislation (SB 822). This request is to transition those additional call agents from limited duration to permanent status, to maintain service metrics at more tolerable levels.

Call Center Staff are the principle source by which members receive adequate information to allow them to make decisions about the benefit programs administered by PERS. Through the Call Center, members inquire about their account balances, earnings, vesting, contributions, withdrawal and retirement options, beneficiary options, timing to retire, work after retirement rules, demographic changes and updates, legislative changes, press articles, and many other topics. Although generic information is available from many sources, members invariably want to know “what this means for me,” and only an individual agent looking at the member’s history can provide an adequate response. PERS has so many permutations of benefit components, calculation methods, and payment options that individual attention is necessary for each member to sort those factors out.

Since 2008, call volume has increased, driven predominantly by two factors: (1) legislative discussions about, and enactments of, PERS plan changes that could significantly impact benefits on different populations, depending on the change; and (2) an increasing percentage of members eligible to retire as the “baby boom” generation matures. Conclusively resolving these 2013-15 limited duration positions as permanent positions in 2015-17 allows PERS to establish a correct current service level baseline for future operations and planning.

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## BUDGET NARRATIVE

Alternatives to the transition of limited duration call agents to permanent positions are limited. PERS has leveraged technology tools and process improvements to the extent possible such that the only tool left to maintain acceptable service metrics in light of increasing call volume is to have more call center agents. The alternative is to have those service levels recede to intolerable levels, as the demand for these services is not expected to abate. Using temporary staff to address spikes is not an efficient option. Call Center agents go through an initial six weeks of training to form a foundation of basic information before they can begin to take calls. To become fully conversant with the most common counseling scenarios usually requires at least 12-18 months of on-the-job experience and enhanced training along the way. On-boarding staff to address “spikes” cannot be done timely enough in a manner that would ensure that those agents would contribute in a positive way to the workload and service levels. The consequences of an inexperienced agent providing incomplete information may not surface for months, sometimes after the member has already made their decisions, some of which are irrevocable.

### Staffing Impact:

- Transitioning four limited duration full-time positions to four permanent full-time Retirement Counselor 1 positions (4.00 FTE), position numbers: 1710101,1710102,1710103,1710104

### 2017-19 Fiscal Impact:

The anticipated impact to 2017-19 is estimated to be approximately the same amount requested for 2015-17, as this request is for permanent financing.

### Quantifying Results:

- Utilize Scorecards and Quarterly Target Reviews, regular production performance reports, operational Service Levels and annual Key Performance Measures to compare past and present performance
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual member and employer satisfaction survey throughout 2015-17 biennium, overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
- Other internal measurements that will be used to quantify the success of these initiatives include: decreases in call wait times and abandonment rates, increases in call quality and member satisfaction ratings.

## BUDGET NARRATIVE

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

### *Benefit Calculation Staff*

**Purpose and How Achieved:** PERS requests \$139,706 Other Funds and the establishment of one full-time permanent position (1.00 FTE) in the Benefit Payments Division to support and increase service levels for the OPSRP retirement workload. The OPSRP "tier" now has the greatest number of active members (over 80,000) and OPSRP retirements are increasing each biennium relative to Tier One and Tier Two retirements. This request is for one permanent Retirement Counselor 2 position who will assist with processing OPSRP retirements. This one new position, along with process and system improvements, will allow benefit payment metrics to be maintained despite the growing workload. Longer term, combined retirement volumes should stabilize and benefit payment metrics should be maintained by transitioning staff from Tier One/Tier Two retirements to OPSRP, but overall retirements will probably remain at current volumes for the foreseeable future given the large number of eligible members still yet to retire. PERS has been able to process the increasing workload associated with OPSRP benefit payments by cross-training more staff and relying on occasional overtime or temporary staff. This approach is not sustainable on a long-term basis as the number of OPSRP retirements continues to grow.

### **Staffing Impact:**

- One permanent full-time Retirement Counselor 2 position (1.00 FTE), position number 1710105

### **2017-19 Fiscal Impact:**

The anticipated impact to 2017-19 is estimated to be approximately the same amount requested for 2015-17, as this request is for permanent financing.

### **Quantifying Results:**

- Utilize Scorecards and Quarterly Target Reviews, regular production performance reports, operational Service Levels and annual Key Performance Measures to compare past and present performance
- KPM #1, Timely Benefit Payments, milestones:

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- 80% of benefit payments paid to member within 45 days
- KPM #4, Benefit Accuracy, milestones:
  - 80% of monthly benefit service retirements are calculated to within \$5 per month
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual member and employer satisfaction survey throughout 2015-17 biennium
- KPM #7, Timely Benefit Estimates, milestones:
  - 95 % of benefit estimates to the member within 30 days
- Utilize Internal Audits and quality assurance reviews

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

### *Custodial Staff*

**Purpose and How Achieved:** PERS requests \$0.00 Other Funds (this will be a transfer from DAS for a position the agency currently pays) and the transfer of one full-time permanent position (1.00 FTE) in the Fiscal Services Division. This request completes the transition of a full-time, day shift custodial and facility maintenance position from DAS to PERS. This agreement resulted from DAS' decision in August 2013 to provide custodial services during business hours, which did not support our agency operations as an outward-facing, public service location.

Until the 2013-15 biennium, custodial services and facilities maintenance support at PERS' Tigard headquarters were provided through an Interagency Agreement with DAS Enterprise Asset Management (EAM) Division. Three full-time DAS EAM custodial employees were assigned to PERS, with two of the staff dedicated to after-hours custodial services. One custodial staff provided daytime support and general facilities maintenance services. Custodial services include restocking paper products and restroom supplies, cleaning spots and spills, emptying central trash and recycling bins, emergency cleaning, spot cleaning public areas, and setup and teardown of conference rooms. Facilities maintenance includes minor building repairs such as plumbing, caulking, patching, touch up paint, light bulb and ceiling tile replacement, repairing door hardware or carpet tile, moving furniture, monitoring and programming HVAC system software, and escorting external contractors in the building.

In early July 2013, DAS notified PERS of a shift to daytime service only, beginning mid-August 2013. PERS was given two options: have DAS provide custodial services for the PERS main building between 5:00 a.m. to 1:30 p.m. only; or contract with a Qualified Rehabilitation Facility (QRF) for custodial services after hours. Under the DAS option for daytime custodial services, they would

## BUDGET NARRATIVE

eliminate the third position which provided both custodial services and facilities maintenance because their other custodians would already be on-site during a portion of those hours.

In the past, when PERS had custodial services only during business hours, this resulted in disruptions to operations; reduced productivity of custodial staff who attended to special requests; and an inconsistent work routine to accommodate meetings of governing entities, members, employers, and stakeholders which occur frequently at PERS headquarters. Facilities maintenance was also needed throughout the working day, not just until 1:30 p.m. For these reasons, DAS agreed that PERS would contract with a QRF for after-hours custodial services, and retain one person during the day for custodial services and facilities maintenance. This proposal shifts the daytime custodial position from DAS to PERS to embed that arrangement in this agency's ongoing staffing level.

### Staffing Impact:

- One permanent full-time Custodian (1.00 FTE), position number 1710106

### 2017-19 Fiscal Impact:

The anticipated impact to 2017-19 is estimated to be approximately the same amount requested for 2015-17, as this request is for permanent financing; the future increased costs in Personal Services will continue to be offset by reduced DAS facilities & maintenance charges.

### Quantifying Results:

- Utilize Scorecards and Quarterly Target Reviews, regular production performance reports, and annual Key Performance measures to compare past and present performance
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual member and employer satisfaction survey throughout 2015-17 biennium

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

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Metrics Staffing Request

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	644,083	-	-	-	644,083
<b>Total Revenues</b>	-	-	<b>\$644,083</b>	-	-	-	<b>\$644,083</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	430,320	-	-	-	430,320
Empl. Rel. Bd. Assessments	-	-	264	-	-	-	264
Public Employees' Retire Cont	-	-	67,949	-	-	-	67,949
Social Security Taxes	-	-	32,921	-	-	-	32,921
Worker's Comp. Assess. (WCD)	-	-	414	-	-	-	414
Mass Transit Tax	-	-	3,113	-	-	-	3,113
Flexible Benefits	-	-	183,168	-	-	-	183,168
<b>Total Personal Services</b>	-	-	<b>\$718,149</b>	-	-	-	<b>\$718,149</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	6,150	-	-	-	6,150
Office Expenses	-	-	30,000	-	-	-	30,000
Facilities Maintenance	-	-	(120,216)	-	-	-	(120,216)
Expendable Prop 250 - 5000	-	-	2,000	-	-	-	2,000
IT Expendable Property	-	-	8,000	-	-	-	8,000
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$74,066)</b>	-	-	-	<b>(\$74,066)</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Metrics Staffing Request

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	644,083	-	-	-	644,083
<b>Total Expenditures</b>	-	-	<b>\$644,083</b>	-	-	-	<b>\$644,083</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							6
<b>Total Positions</b>	-	-	-	-	-	-	<b>6</b>
<b>Total FTE</b>							
Total FTE							6.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>6.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Metrics Staffing Request

Cross Reference Name: Benefit Payments Division  
 Cross Reference Number: 45900-500-02-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	139,706	-	-	-	139,706
<b>Total Revenues</b>	-	-	<b>\$139,706</b>	-	-	-	<b>\$139,706</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	78,960	-	-	-	78,960
Empl. Rel. Bd. Assessments	-	-	44	-	-	-	44
Public Employees' Retire Cont	-	-	12,468	-	-	-	12,468
Social Security Taxes	-	-	6,041	-	-	-	6,041
Worker's Comp. Assess. (WCD)	-	-	69	-	-	-	69
Mass Transit Tax	-	-	571	-	-	-	571
Flexible Benefits	-	-	30,528	-	-	-	30,528
<b>Total Personal Services</b>	-	-	<b>\$128,681</b>	-	-	-	<b>\$128,681</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	1,025	-	-	-	1,025
Office Expenses	-	-	5,000	-	-	-	5,000
Expendable Prop 250 - 5000	-	-	1,000	-	-	-	1,000
IT Expendable Property	-	-	4,000	-	-	-	4,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$11,025</b>	-	-	-	<b>\$11,025</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	139,706	-	-	-	139,706
<b>Total Expenditures</b>	-	-	<b>\$139,706</b>	-	-	-	<b>\$139,706</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Metrics Staffing Request

Cross Reference Name: Benefit Payments Division  
 Cross Reference Number: 45900-500-02-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							1
<b>Total Positions</b>	-	-	-	-	-	-	<b>1</b>
<b>Total FTE</b>							
Total FTE							1.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>1.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Metrics Staffing Request

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	63,264	-	-	-	63,264
Empl. Rel. Bd. Assessments	-	-	44	-	-	-	44
Public Employees' Retire Cont	-	-	9,989	-	-	-	9,989
Social Security Taxes	-	-	4,840	-	-	-	4,840
Worker's Comp. Assess. (WCD)	-	-	69	-	-	-	69
Mass Transit Tax	-	-	457	-	-	-	457
Flexible Benefits	-	-	30,528	-	-	-	30,528
<b>Total Personal Services</b>	-	-	<b>\$109,191</b>	-	-	-	<b>\$109,191</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	1,025	-	-	-	1,025
Office Expenses	-	-	5,000	-	-	-	5,000
Facilities Maintenance	-	-	(120,216)	-	-	-	(120,216)
Expendable Prop 250 - 5000	-	-	1,000	-	-	-	1,000
IT Expendable Property	-	-	4,000	-	-	-	4,000
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$109,191)</b>	-	-	-	<b>(\$109,191)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Metrics Staffing Request

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							1
<b>Total Positions</b>	-	-	-	-	-	-	1
<b>Total FTE</b>							
Total FTE							1.00
<b>Total FTE</b>	-	-	-	-	-	-	1.00

Essential and Policy Package Fiscal Impact Summary - BPR013

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Metrics Staffing Request

Cross Reference Name: Customer Services Division  
 Cross Reference Number: 45900-500-05-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	504,377	-	-	-	504,377
<b>Total Revenues</b>	-	-	<b>\$504,377</b>	-	-	-	<b>\$504,377</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	288,096	-	-	-	288,096
Empl. Rel. Bd. Assessments	-	-	176	-	-	-	176
Public Employees' Retire Cont	-	-	45,492	-	-	-	45,492
Social Security Taxes	-	-	22,040	-	-	-	22,040
Worker's Comp. Assess. (WCD)	-	-	276	-	-	-	276
Mass Transit Tax	-	-	2,085	-	-	-	2,085
Flexible Benefits	-	-	122,112	-	-	-	122,112
<b>Total Personal Services</b>	-	-	<b>\$480,277</b>	-	-	-	<b>\$480,277</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	4,100	-	-	-	4,100
Office Expenses	-	-	20,000	-	-	-	20,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$24,100</b>	-	-	-	<b>\$24,100</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	504,377	-	-	-	504,377
<b>Total Expenditures</b>	-	-	<b>\$504,377</b>	-	-	-	<b>\$504,377</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 101 - Current Service Metrics Staffing Request

Cross Reference Name: Customer Services Division  
 Cross Reference Number: 45900-500-05-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							4
<b>Total Positions</b>	-	-	-	-	-	-	<b>4</b>
<b>Total FTE</b>							
Total FTE							4.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>4.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

12/15/14 REPORT NO.: PDDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY:45900 PUB EMPLOYEES RETIREMNT SYSTEM  
 SUMMARY XREF:500-02-00 Benefit Payments Division

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM  
 PACKAGE: 101 - Current Service Metrics Staffi

PAGE 1  
 2015-17  
 PROD FILE  
 PICS SYSTEM: BUDGET PREPARATION

POSITION NUMBER	CLASS COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1710105	OA	C0842 AA RETIREMENT COUNSELOR 2	1	1.00	24.00	02	3,290.00		78,960 49,150			78,960 49,150
TOTAL PICS SALARY									78,960			78,960
TOTAL PICS OPE									49,150			49,150
TOTAL PICS PERSONAL SERVICES =			1	1.00	24.00				128,110			128,110

# BUDGET NARRATIVE

12/15/14 REPORT NO.: PDPFISCAL DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM PAGE 3  
 REPORT: PACKAGE FISCAL IMPACT REPORT 2015-17 PROD FILE  
 AGENCY:45900 PUB EMPLOYEES RETIREMNT SYSTEM PICS SYSTEM: BUDGET PREPARATION  
 SUMMARY XREF:500-03-00 Financial & Admin Services Div PACKAGE: 101 - Current Service Metrics Staffi

POSITION NUMBER	CLASS COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1710106	OA C4101 AA	CUSTODIAN	1	1.00	24.00	09	2,636.00		63,264 45,470			63,264 45,470
TOTAL PICS SALARY									63,264			63,264
TOTAL PICS OPE									45,470			45,470
TOTAL PICS PERSONAL SERVICES =			1	1.00	24.00				108,734			108,734

# BUDGET NARRATIVE

12/15/14 REPORT NO.: PDPFISCAL DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM PAGE 5  
 REPORT: PACKAGE FISCAL IMPACT REPORT 2015-17 PROD FILE  
 AGENCY:45900 PUB EMPLOYEES RETIREMNT SYSTEM PICS SYSTEM: BUDGET PREPARATION  
 SUMMARY XREF:500-05-00 Customer Services Division PACKAGE: 101 - Current Service Metrics Staffi

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1710101	OA	C0841	AA RETIREMENT COUNSELOR 1	1	1.00	24.00	02	3,001.00		72,024 47,524			72,024 47,524
1710102	OA	C0841	AA RETIREMENT COUNSELOR 1	1	1.00	24.00	02	3,001.00		72,024 47,524			72,024 47,524
1710103	OA	C0841	AA RETIREMENT COUNSELOR 1	1	1.00	24.00	02	3,001.00		72,024 47,524			72,024 47,524
1710104	OA	C0841	AA RETIREMENT COUNSELOR 1	1	1.00	24.00	02	3,001.00		72,024 47,524			72,024 47,524
TOTAL PICS SALARY										288,096			288,096
TOTAL PICS OPE										190,096			190,096
TOTAL PICS PERSONAL SERVICES =				4	4.00	96.00				478,192			478,192

# BUDGET NARRATIVE

## Package 102 Fully Integrating IAP Administration into the PERS ORION System (Phase III)

### Package Description

**Purpose:** PERS requests \$1,914,399 Other Funds limitation and the establishment of three new full-time limited duration positions (3.00 FTE) in the Information Services Division. This proposal completes the transfer to PERS of all aspects of the Individual Account Program (IAP) administration by January 1, 2017, and eliminates over \$2.2 million in annual costs for an outside third-party administrator (TPA). The split administration between PERS and the TPA creates fundamental, structural problems (handoffs between PERS and the TPA, redundant staff work, and constant reconciliation of records between the two systems) which lead to lengthy processing time and occasional errors. PERS currently administers major components of the IAP, and this proposal leverages on the agency's current recordkeeping and payment processing systems to eliminate these inherent problems from splitting administration. Eliminating the TPA will enhance PERS' ability to better execute its mission to pay the right person the right benefit at the right time.

This request includes the following increase in Other Funds Limitation:

Personal Services	\$ 513,076
Services & Supplies	\$ 901,323
Capital Outlay	\$ <u>500,000</u>
Total Other Funds Limitation	\$ 1,914,399

**Purpose and How Achieved:** The IAP was created in August 2003 by the Oregon Legislature (House Bill 2020). Members contribute 6% of their salary to the IAP and are allocated market earnings or losses without any guaranteed minimum return. Although the IAP was added during the 2003 PERS Reforms, the program includes both Oregon Public Service Retirement Plan (OPSRP) Pension members (the new pension program that was created simultaneously) and Tier One and Tier Two members, whose member contribution was diverted from their accounts into the IAP.

Continuing to use a TPA to administer the IAP is a challenge since the TPA has to rely on custom systems and manual processes to implement the program. As a result, member transactions take too long to process and error rates, at times, are higher than tolerable. In addition, the TPA is unable to process direct rollovers to a retired member's financial institution. PERS already administers major components of the IAP (e.g., collecting contributions, earnings crediting) and differences between PERS and TPA records must be constantly reconciled.

## BUDGET NARRATIVE

Under this proposal, PERS staff who support IAP handoffs and processes for the TPA will instead shift their focus to directly administering recordkeeping and payment processing, gaining efficiencies and reducing the need for duplicate processing of the same member account. As a result, allowing staff to work directly on IAP administration instead of in support of a TPA will allow us to improve member service without the need for additional staff. The three limited duration staff in this proposal are project staff to augment our existing system development team. Once administration is transitioned fully to PERS, the ongoing operation of this program will be FTE-neutral.

### Alternatives Considered:

12. **Evaluate and Select an Alternative TPA to Administer the IAP.** PERS has periodically had discussions with other private vendors who might be able to provide these elements of IAP administration, but the IAP does not fit any standard industry models so any administration platform, whether provided by a TPA or PERS, is necessarily a customized solution. If the agency were to try selecting a new TPA, there is no way to know whether that new TPA would be cost neutral relative to current vendor; more likely, their costs would be higher as they would need to amortize the costs of constructing the customized solution.
  13. **Renegotiate the Contract with the Current TPA to Provide Missing Functionality.** PERS has been unable to negotiate a significant increase in functionality and services with the current TPA without an associated cost increase. The TPA is understandably reluctant to provide additional functionality to PERS without recovering those costs.
- \*Note that either of these alternative approaches would result in abandoning the investments made in Phases I and II.

### Staffing Impact:

- Three limited duration Information Systems Specialists 6 positions (3.00FTE), position numbers 1710201, 1710202, 1710203

### 2017-19 Fiscal Impact:

- The anticipated impact to 2017-19 is estimated to be approximately \$33,000 for ongoing maintenance related to data processing needs.

## BUDGET NARRATIVE

### Quantifying Results:

**Elimination of Ongoing and Increasing TPA Charges.** Transitioning fully to in-house administration of the IAP will eliminate TPA charges for record keeping and payment distribution, which are estimated to increase from \$2.2 million in 2013 to \$2.4 million in 2014 as membership in the IAP continues to grow (the TPA's fee is \$9.36 for each individual account with a balance above \$30; there were 234,047 qualifying accounts reported in 2013, and IAP membership continues to grow with new public employee hires).

**Increased Rate of Return on Member Accounts.** IAP administrative expenses reduce the investment earnings or losses credited to member accounts. Reducing those expenses by transitioning administration to PERS will increase members' earnings on their IAP accounts.

**Increased Integrity and Security of Member Data.** Once PERS administers all aspects of the IAP, there will be greater control over the integrity and security of member data. Daily transfers between the agency and TPA are secure, but retaining data within the agency is more secure.

**Achieving Improved Data Quality and Integrity.** Differences between PERS and TPA records in processing contributions, adjustments, payments, and earnings require constant reconciliation. This project would result in a single definitive, reliable, and auditable IAP data source.

**Streamlining Use of Technology and Processes.** Due to system constraints with the TPA, PERS cannot fully leverage existing technology to improve administrative efficiency and member services. The current structure requires PERS to access three independent systems when answering member questions concerning their IAP accounts. The process is complex with multiple handoffs between PERS and the TPA.

**More Timely Member Payments.** Finally, when PERS fully administers the IAP within ORION, there will be more control over processes and the timeliness of member payments. This transition will enhance PERS' ability to improve on our performance measure to initiate at least 80% of benefit payments within 45 days of the member's effective date.

Completing Phase III of this project will yield the following targeted improvements:

- Save approximately \$2.2M per year in TPA costs based on current charges.
- Streamline the IAP account earnings crediting process. PERS' annual crediting model is outside of normal methodologies so custom reports and manual processes are required, leading to errors and delays in crediting earnings.
- Coordinate benefit payment determinations and processing. Eligibility determinations and benefit calculations have to be reconciled between PERS and the TPA, necessitating hand-offs and delays in processing applications that are removed when the TPA is eliminated.



## BUDGET NARRATIVE

- Provide PERS members a “one stop shop” so only one source of information will have to be accessed to address member inquiries, requests, and benefit applications.
- Establish and distribute IAP benefits in an efficient manner. This would be consistent with the timely and accurate administration of member pension benefits. Currently, only 20% of retirees are paid within 45 days due to the processing time required by the TPA. Eliminating the administration by the TPA will allow PERS to improve customer service by paying 55% of retirees within 45 days.
- Utilize monthly Production Performance reports, quarterly Board reports and annual Key Performance Measures to compare past and present performance
- KPM #1, Timely Benefit Payments, milestones:
  - 80% of benefit payments paid to member within 45 days by July 2013; 55% for the IAP program initially
- KPM #2, Total Benefit Administration Costs
  - Reduce administrative costs while maintaining high levels of service to members and employers.
- KPM #4, Accurate Benefit Calculations;
  - Pay the right person the right benefit at the right time. Calculate service retirement benefits within \$5 per month
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2013-15 biennium

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

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 102 - Fully Integrating IAP into ORION-Ph III

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	1,914,399	-	-	-	1,914,399
<b>Total Revenues</b>	-	-	<b>\$1,914,399</b>	-	-	-	<b>\$1,914,399</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	339,192	-	-	-	339,192
Empl. Rel. Bd. Assessments	-	-	132	-	-	-	132
Public Employees' Retire Cont	-	-	53,559	-	-	-	53,559
Social Security Taxes	-	-	25,947	-	-	-	25,947
Worker's Comp. Assess. (WCD)	-	-	207	-	-	-	207
Mass Transit Tax	-	-	2,455	-	-	-	2,455
Flexible Benefits	-	-	91,584	-	-	-	91,584
<b>Total Personal Services</b>	-	-	<b>\$513,076</b>	-	-	-	<b>\$513,076</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	3,075	-	-	-	3,075
Office Expenses	-	-	15,000	-	-	-	15,000
Data Processing	-	-	33,000	-	-	-	33,000
IT Professional Services	-	-	835,248	-	-	-	835,248
Expendable Prop 250 - 5000	-	-	3,000	-	-	-	3,000
IT Expendable Property	-	-	12,000	-	-	-	12,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$901,323</b>	-	-	-	<b>\$901,323</b>
<b>Capital Outlay</b>							
Data Processing Software	-	-	375,000	-	-	-	375,000

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_\_ Agency Request

  X   Governor's

\_\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 102 - Fully Integrating IAP into ORION-Ph III

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Data Processing Hardware	-	-	125,000	-	-	-	125,000
<b>Total Capital Outlay</b>	-	-	<b>\$500,000</b>	-	-	-	<b>\$500,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	1,914,399	-	-	-	1,914,399
<b>Total Expenditures</b>	-	-	<b>\$1,914,399</b>	-	-	-	<b>\$1,914,399</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							3
<b>Total Positions</b>	-	-	-	-	-	-	<b>3</b>
<b>Total FTE</b>							
Total FTE							3.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>3.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 102 - Fully Integrating IAP into ORION-Ph III

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	1,914,399	-	-	-	1,914,399
<b>Total Revenues</b>	-	-	<b>\$1,914,399</b>	-	-	-	<b>\$1,914,399</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	339,192	-	-	-	339,192
Empl. Rel. Bd. Assessments	-	-	132	-	-	-	132
Public Employees' Retire Cont	-	-	53,559	-	-	-	53,559
Social Security Taxes	-	-	25,947	-	-	-	25,947
Worker's Comp. Assess. (WCD)	-	-	207	-	-	-	207
Mass Transit Tax	-	-	2,455	-	-	-	2,455
Flexible Benefits	-	-	91,584	-	-	-	91,584
<b>Total Personal Services</b>	-	-	<b>\$513,076</b>	-	-	-	<b>\$513,076</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	3,075	-	-	-	3,075
Office Expenses	-	-	15,000	-	-	-	15,000
Data Processing	-	-	33,000	-	-	-	33,000
IT Professional Services	-	-	835,248	-	-	-	835,248
Expendable Prop 250 - 5000	-	-	3,000	-	-	-	3,000
IT Expendable Property	-	-	12,000	-	-	-	12,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$901,323</b>	-	-	-	<b>\$901,323</b>
<b>Capital Outlay</b>							
Data Processing Software	-	-	375,000	-	-	-	375,000

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 102 - Fully Integrating IAP into ORION-Ph III

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Data Processing Hardware	-	-	125,000	-	-	-	125,000
<b>Total Capital Outlay</b>	-	-	<b>\$500,000</b>	-	-	-	<b>\$500,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	1,914,399	-	-	-	1,914,399
<b>Total Expenditures</b>	-	-	<b>\$1,914,399</b>	-	-	-	<b>\$1,914,399</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							3
<b>Total Positions</b>	-	-	-	-	-	-	<b>3</b>
<b>Total FTE</b>							
Total FTE							3.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>3.00</b>

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request

X  Governor's

\_\_\_ Legislatively Adopted

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# BUDGET NARRATIVE

12/15/14 REPORT NO.: PPDFISCAL DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM PAGE 4  
 REPORT: PACKAGE FISCAL IMPACT REPORT 2015-17 PROD FILE  
 AGENCY:45900 PUB EMPLOYEES RETIREMNT SYSTEM PICS SYSTEM: BUDGET PREPARATION  
 SUMMARY XREF:500-04-00 Information Services Division PACKAGE: 102 - Fully Integrating IAP into ORI

POSITION NUMBER	CLASS COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1710201	OA C1486 IA	INFO SYSTEMS SPECIALIST 6	1	1.00	24.00	02	4,711.00		113,064 57,143			113,064 57,143
1710202	OA C1486 IA	INFO SYSTEMS SPECIALIST 6	1	1.00	24.00	02	4,711.00		113,064 57,143			113,064 57,143
1710203	OA C1486 IA	INFO SYSTEMS SPECIALIST 6	1	1.00	24.00	02	4,711.00		113,064 57,143			113,064 57,143
TOTAL PICS SALARY									339,192			339,192
TOTAL PICS OPE									171,429			171,429
TOTAL PICS PERSONAL SERVICES =			3	3.00	72.00				510,621			510,621

## BUDGET NARRATIVE

### Package 103 Enhanced Staffing for the Data Verification Unit

Package Description as Modified in the Governor's Budget

#### Package Description

**Purpose:** PERS requests \$956,875 Other Funds limitation, the establishment of seven full-time permanent positions (7.00 FTE) in the Customer Services Division to expand the Data Verification Unit from the current five staff with an additional seven permanent staff. The permanent staff will allow us to improve service levels as well as decrease the accumulated backlog. Our goal is to ultimately keep up with new data verification requests as they are received monthly.

**Purpose and How Achieved:** Senate Bill 897, approved in 2009, allows members within two years of their earliest retirement date to request a data verification, which “locks down” the specified elements of the data used to ultimately calculate their benefit. Once “locked”, employers and members may not modify the data. The data elements subject to verification include creditable service time, final average salary, account balance, and unused sick leave. This new program took effect in July 2011.

As legislation establishing the data verification process was considered in 2009, PERS reported the staffing level necessary to fulfill requests in a timely manner. The legislature approved the addition of 6.00 FTE, but indicated that the agency could request additional staff when experience showed the need.

From July 1, 2011 to June 30, 2014, there were 2,859 data verification requests, which is an average of 79 requests per month. In that same time period, the work unit has fluctuated from four to eight production staff and experience shows the unit has been able to complete approximately 34 requests per month. As a result, members are waiting 18 months or more for PERS to complete a data verification request. The unit has a service metric of fulfilling 90% of data verification requests within six months, a goal the unit has never reached since the metric was established in January 2012.

PERS has revised program administration through process improvements, including revising an Administrative Rule to reduce the time employers are allowed to review member data before confirmation. A team also reviewed the data verification process in its entirety to identify opportunities for streamlining and improvement. Marginal gains from the process review are insufficient to resolve the accumulated backlog and to keep up with the demand level for data verifications. To meet the metric of completing 90% of data verifications within six months of the request, the program must be appropriately resourced. PERS proposes to expand the Data Verification Unit from the current five staff with an additional seven permanent staff. The permanent staff will allow us to improve service levels as well as decrease the accumulated backlog. Our goal is to ultimately keep up with new data verifications requests as they are received monthly. PERS considered three alternative staffing levels, in addition to this proposal. Holding staff at status quo levels limits staff to completing 34 requests per month. With an average of 79 requests coming in each month, that continues the trend of 21 verification requests being abandoned each month and increases the backlog of data verifications at a rate of 24 requests per month.

\_\_\_\_ Agency Request

  X   Governor's

\_\_\_\_ Legislatively Adopted

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## BUDGET NARRATIVE

### Staffing Impact:

- Three permanent Retirement Counselor 1(3.00 FTE), position numbers 1710301, 1710302, 1710303,
- Three permanent Retirement Counselor 2 (3.00 FTE), position numbers 1710305, 1710306, 1710307
- One permanent Operations and Policy Analyst 1(1.00 FTE), position number 1710304

### 2017-19 Fiscal Impact:

The anticipated impact to 2017-19 is estimated to be approximately \$879,700 in personal services with an additional \$42,175 in training and office supplies for a total of \$921,875.

### Quantifying Results:

- Utilize monthly Production Performance reports, quarterly Board reports and annual Key Performance Measures to compare past and present performance
- KPM #6, Customer Service, milestone:
  - Maintain 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2015-17 biennium

Success of this proposal will be measured by the output of the Data Verification Unit including: processing of current requests; reduction of the request backlog; and reduction of abandoned requests due to the length of time a member has to receive estimated payments while waiting for a data verification.

Approximately 7% of members applying for retirement also request a data verification at the same time. Since the timeline and process to complete each transaction are not parallel, requesting a data verification and retirement at the same time results in a member receiving estimated benefit payments until the verification is complete. Additional staff will enable PERS to process more data verification requests reducing the costs associated with estimated payments.

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