

# **Oregon Public Employees Retirement System**

**2015-17**

**Budget Review – Phase II**

**Presentation to the  
Joint Ways & Means Committee  
General Government Subcommittee**

**Steven Patrick Rodeman  
Executive Director**

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# Supreme Court Ruling on SB 822/861 (2013)

The Court reviewed the constitutionality of Senate Bill 822 (effective May 6, 2013) and Senate Bill 861 (effective October 8, 2013). The Court's April 30, 2015 decision addressed two components:

- Eliminating tax remedy payments for recipients who do not pay Oregon state income tax because they do not live in Oregon was upheld.
- Reducing the annual cost-of-living adjustment (COLA) was overturned for members who retired prior to the legislation's effective date. The Court's decision sets up a split COLA for those members who retired after the legislation's respective effective dates based on the "benefit earned."

The Court's ruling voided "supplementary payments" which were established under SB 861 to mitigate the COLA reductions.

# What does this mean for benefit recipients?

1. All benefit recipients based on effective retirement dates of May 1, 2013, or earlier are entitled to a full restoration under the old COLA rules:
  - Up to 2% annually based on the Portland Consumer Price Index
  - Adjustments above/below 2% are “banked” for future yearsOur first priority will be to:
  - Restore the 2% COLA effective July 1, 2015, for benefits payable August 1, 2015
  - Return the amount owed for the 2013 and 2014 COLAs that were paid under the prior rules (less the 2014 supplementary payment)
  - Ensure their 2016 COLA is based on the corrected base benefit
2. Benefit recipients based on effective retirement dates of June 1, 2013, or later may have a blended COLA based on the “benefit earned” under the prior COLA and the revisions from SB 822 and SB 861; PERS is conferring with DOJ counsel on how to administer those different COLA rules.
  - Once this is determined, these benefits will be adjusted and prior underpaid COLA amounts will be paid to these recipients.

# What does this mean for PERS rates?

Employer rates effective from July 1, 2015, through June 30, 2017, were already adopted by the PERS Board in fall 2014. Those rates included liability reductions from those provisions of SB 822 and SB 861 that were found by the Court to be unconstitutional.

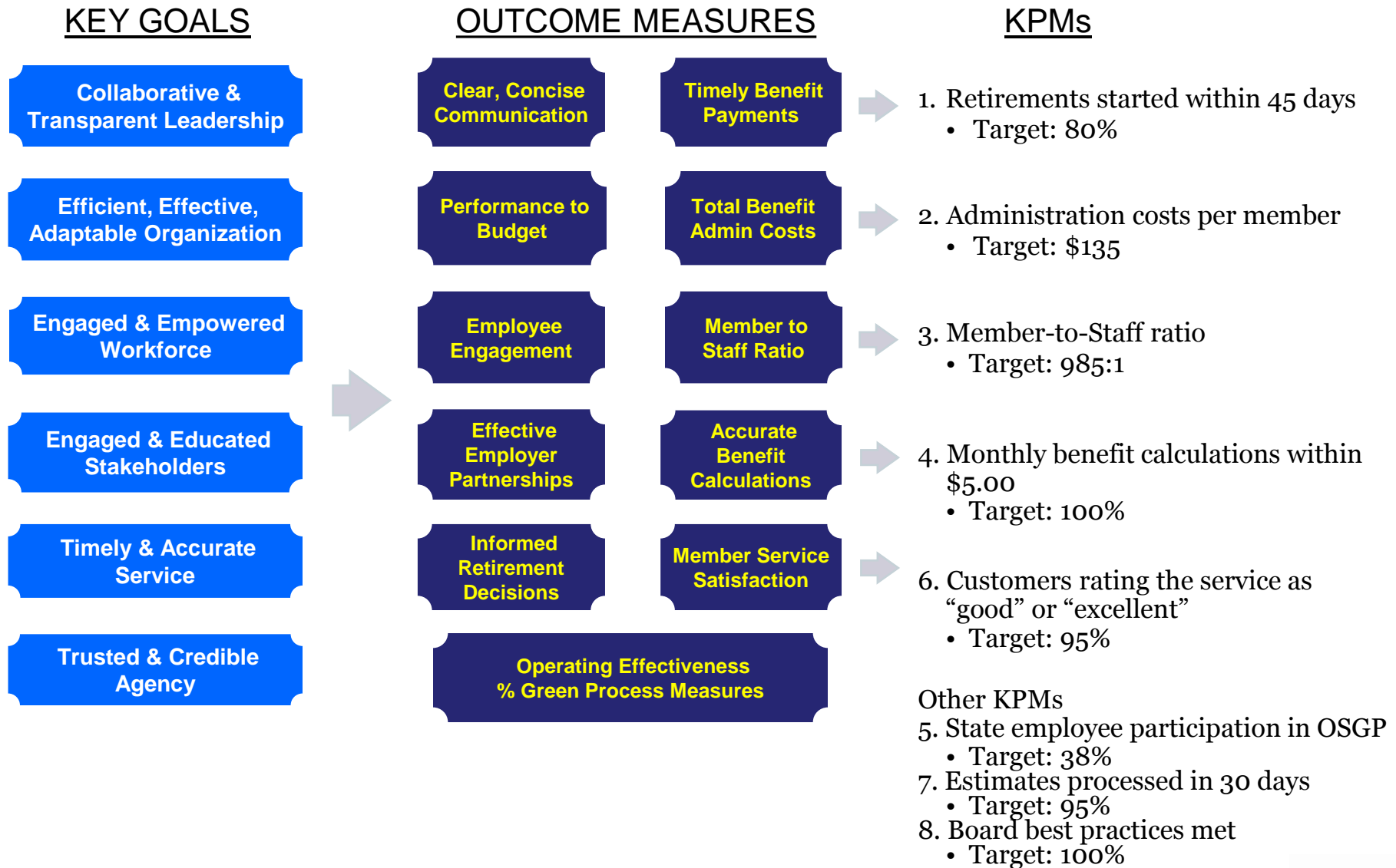
- PERS will next issue advisory rates this fall based on the 12/31/2014 valuation that would be effective July 1, 2017; those advisory rates will include the effect of the Court's decision as well as any changes to methods and assumptions that the PERS Board adopts this summer (such as a change to the assumed rate on PERS Fund investment returns).
- Actual employer rates effective July 1, 2017, through June 30, 2019, will be adopted in fall 2016 based on the 12/31/2015 valuation; those rates will be affected not only by the Court's decision, but also any changes to the actuarial methods and assumptions adopted in summer 2015 (such as a change in the assumed rate) and, most importantly, investment returns for the remainder of calendar year 2015.

# What does this mean for PERS, the agency?

In our Phase I budget presentation, we provided an overview of the agency's strategic plan and the initiatives for 2015-17 that flowed from that plan. The Court's decision re-focuses those strategic priorities. This agency's top priority now is to implement the Court's decision. To that end:

- **First Goal:** Apply a 2% COLA to benefits starting July 1, 2015, (payable August 1, 2015) to mitigate any perpetual under-payment
- **Second Goal:** Restore benefits and pay any retroactive amount to members
  1. Benefits paid based on an effective retirement date on or before May 1, 2013, should receive a COLA based on the prior rules
  2. Benefits paid based on an effective retirement date on or after June 1, 2013, should receive a “blended” COLA based on the Court's decision splitting the application of SB 822 and SB 861 to benefits earned after those bills' effective dates
- **Third Goal:** Complete benefit adjustments and establish new COLA administration based on the Court's decision by July 1, 2016

# Agency Overview – Fundamentals Drive Alignment



# Policy Packages (Limited-Operations)

Policy Package	Positions	Increased (Decreased) Limitation	Link to Strategic Plan
<b>090: Analyst Adjustments</b>		(\$1,150,521)	
<b>101: Current Service Metrics Staffing</b>	6 perm	\$644,083	Member Services & Communications <ul style="list-style-type: none"> <li>▪ Member Relations</li> <li>▪ Quality Delivery Methods</li> </ul>
<b>102: Phase III IAP Integration into ORION</b>	3 limited duration	\$1,914,399	Member Services & Communications <ul style="list-style-type: none"> <li>▪ Member Relations</li> <li>▪ Quality Delivery Methods</li> </ul>
<b>103: Data Verification Staffing</b>	7 perm	\$956,875	Data Reliability <ul style="list-style-type: none"> <li>▪ Member Accountability</li> <li>▪ Data Constancy</li> </ul>
<b>104: ORION Maintenance &amp; Enhancements</b>			
Technical Debt		\$1,771,875	Information Technology <ul style="list-style-type: none"> <li>▪ Agile Technology System</li> </ul>
OPSRP Enhancements		<u>\$1,509,375</u>	Member Services & Communications <ul style="list-style-type: none"> <li>▪ Quality Delivery Methods</li> </ul>
Total		\$3,281,250	
<b>105: Disaster Recovery Upgrade</b>			
Disaster Recovery Planning & Infrastructure		\$881,000	
Virtual Desktop Environment		\$529,700	
Single Sign On		<u>\$170,500</u>	
Total		\$1,581,200	Information Technology <ul style="list-style-type: none"> <li>▪ Disaster Recovery</li> </ul>



# Package 090: Analyst Adjustments

PERS received a total reduction of \$1,150,521 in Limited Funds for operating expenditures consisting of \$665,582 Other Funds from Personal Services and an additional \$484,939 in Services and Supplies. As noted in the CFO package, “Personal Services (Vacancy Savings) and Services and Supplies expenditures have been adjusted in recognition of the fact that actual expenditure experience has been averaging well below budget authority.”

Additionally, the recommended adjustments increase Non-Limited Funds by \$2,463,900,463. This increase reflects both adjustments to projected revenue and expenditures for each of the Non-Limited programs. These analyst recommended adjustments reflect a change in forecast methodology from PERS staff and aligns more closely with forecasts received by Milliman, PERS’ actuary.

<b>Program</b>	<b>Current Service Level</b>	<b>Analyst Recommended Adjustment</b>	<b>Governor’s Budget</b>
<b>Tier One/Tier Two</b>	\$7,339,085,328	\$756,475,534	\$8,095,560,862
<b>OPSRP</b>	\$16,844,604	\$9,934,263	\$26,778,864
<b>IAP</b>	\$649,014,640	\$224,474,251	\$873,488,891
<b>Health Insurance</b>	\$471,169,431	\$86,925,014	\$558,094,445
<b>Total</b>	\$8,476,114,003	\$1,077,809,062	\$9,553,923,062

# Package 101 – Current Service Metrics Staffing

PERS requests \$644,083 Other Funds to add six permanent positions:

- Four Call Center staff
  - Transition from LD positions added in November 2013-15
- One Retirement Counselor 2 for OPSRP calculations
  - 58% increase in OPSRP retirements from 2012-2014
- One Custodial Staff (complete transition from DAS custodians)
  - Budget neutral - funded with a reduction in Facilities Maintenance charges.

Fiscal impact for 2017-19: approximately the same as 2015-17, as this request is for permanent financing, less \$5,000 for initial office set-up costs for the one Retirement Counselor 2.

Link to Strategic Plan Initiative:

Member Services and Communications

- Member Relations
- Quality Delivery Methods

# Package 101 – Current Service Metrics Staffing

## Call Center Service Metrics Tied to Staffing

Call Center Statistics: July 2013 – February 2015					
Year	Month	Total Calls	Calls Handled	Abandoned (%)	Avg. Wait Time
2013	July	12,444	10,380	16.6	4:30
	Aug	14,635	10,988	24.9	6:53
	Sept	12,276	10,104	17.7	3:22
	Oct	12,991	10,782	17.0	3:27
	Nov	11,378	9,131	19.7	4:56
	Dec	15,425	9,432	38.9	12:28
2014	Jan	18,434	9,877	46.4	24:52
	Feb	13,643	7,879	42.2	23:15
	Mar*	14,444	12,522	13.3	5:06
	Apr	14,383	13,185	8.3	1:26
	May	13,394	12,709	5.1	0:43
	June	11,288	10,854	3.8	0:34
	July	11,244	10,880	3.2	0:28
	Aug	11,465	10,904	4.9	0:51
	Sept	10,848	10,249	5.6	1:06
	Oct	11,209	10,647	5.1	0:55
	Nov**	11,299	10,565	6.5	1:05
	Dec	12,975	11,694	9.9	1:57
2015	Jan	12,237	11,395	6.9	1:23
	Feb	12,601	11,421	9.4	2:18

\* Four additional Call Center staff began answering phones in March 2014. \*\*Some staff began rotating off phones for knowledge transfer training that will allow the phone team to answer specialized calls regarding death, divorce, and disability.

# Package 101 – Current Service Metrics Staffing

## Outcome – Call Center Staffing

- Increased service needs from members nearing retirement have driven up call volume; that increase is projected to persist given the large percentage (>35%) of members eligible to retire today. Technology and process improvements have made call agents more efficient, but the sheer volume of calls means acceptable service metrics can only be maintained by adding more call center agents.
- Call Center agents go through an initial six weeks of training before they begin answering calls, and a further 12-18 months of on-the-job experience and enhanced training to become fully conversant with common counseling scenarios. As these agents are helping members make life-altering decisions, maintaining regular service levels require experienced staff – temporary or fill-in agents can only be used for specialized situations (e.g., annual statement mailings or COLA adjustments).

**KPM 6** - Maintain 95% or higher good or excellent responses for annual member and employer satisfaction survey throughout 2015-17 biennium.

# Package 101 – Current Service Metrics Staffing

## Timely OPSRP Retirements Tied to Staffing

Adding a Retirement Counselor for OPSRP calculations will support increased service levels for these retirements. OPSRP retirements are increasing each biennium but service metrics are lagging Tier One/Two due to fewer resources available to calculate benefits.

	7/1/2014		8/1/2014		9/1/2014		10/1/2014		11/1/2014		12/1/2014		1/1/2015	
	Tier 1/2	OPSRP	Tier 1/2	OPSRP	Tier 1/2	OPSRP	Tier 1/2	OPSRP	Tier 1/2	OPSRP	Tier 1/2	OPSRP	Tier 1/2	OPSRP
# of retirements	1,664	173	381	85	429	63	406	60	271	64	295	37	718	88
Paid in 45 days or less	1,066 64%	67 39%	264 69%	40 47%	301 70%	38 60%	314 77%	43 72%	218 80%	38 59%	239 81%	22 56%	622 87%	77 88%

# Package 101 – Current Service Metrics Staffing

## Outcome – OPSRP Calculations

- OPSRP now has the largest number of active members (over 90,000) and OPSRP retirements are increasing; almost doubling each year.
- OPSRP retirements are calculated and processed differently than Tier One/Two retirements. While cross-training and transition plans are in place, the volume of Tier One/Two retirements is not projected to diminish in the near term, so moving those staff to the OPSRP calculations will occur later, but not soon enough to improve performance in the near term.
- This one new position, along with process and system improvements, will allow service metrics to reach targeted levels under the growing workload.

**KPM 1** - Timely Benefit Payments: 80% of retirement benefits started within 45 days.

**KPM 4** - Benefit Accuracy: 100% of retirements calculated to within \$5 per month.

# Package 102 – Fully Integrate IAP into ORION

This package supports Phase III of the project to complete the transition of administering the Individual Account Program (IAP) into PERS’ internal administration and eliminate a third-party administrator (TPA). Remaining steps are to integrate the remaining IAP functionality into the agency’s systems, migrate to the new platform, and transition away from the TPA. Costs for Phases I and II in the 2013-15 biennium totaled \$1,018,750.

PERS requests \$1,914,399 Other Funds limitation and establishment of three new full-time LD positions (3.00 FTE) in the Information Services Division. This proposal completes the transfer of all aspects of IAP administration to PERS, eliminating over \$2.2 million in annual TPA costs.

Fiscal impact for 2017-19: ~\$33,000 for ongoing maintenance of the integrated functionality.

Link to Strategic Plan Initiative:

Member Services and Communications

- Member Relations
- Quality Delivery Methods

2015						2016						2017											
J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
3 (3.00 FTE) LD positions - \$546,151																							
Construct – Stage 1 (Packages 1-10): \$547,299 7/1/15 - 2/29/16									Construct – Stage 2 (Packages 11-22): \$410,475 3/1/16 – 12/1/16									Transition – Deploy/Migrate: \$410,474 12/2/16 – 6/30/17					

# Package 102 – Fully Integrate IAP into ORION

## Outcome

- Transitioning to in-house administration of the IAP will eliminate annual TPA charges for record keeping and payment distribution. Those costs are based on the number of IAP accounts, which are growing each year. Total charges for 2013 were ~\$2.2 million, growing to \$2.4 million in 2014.
- Fully administering the IAP will provide the agency more control over processes, improving the timeliness of payments and service delivery as members will not have to refer to the TPA for account or payment information.
- PERS requests that the following two Key Performance Measures be AMENDED to incorporate IAP retirement payments:

**KPM 1 - Timely Benefit Payments:** 80% of retirement benefits started within 45 days.

**KPM 4 - Benefit Accuracy:** 100% of retirements calculated to within \$5 per month.



# Package 103 – Data Verification Unit Staffing

PERS requests \$956,875 Other Funds to properly staff this program (created in 2009) to improve the team’s ability to provide verifications in a timely manner. Currently, the target is to provide a Data Verification within 180 days of the request; since moving into a “First In, First Out” model, we have never hit this target.

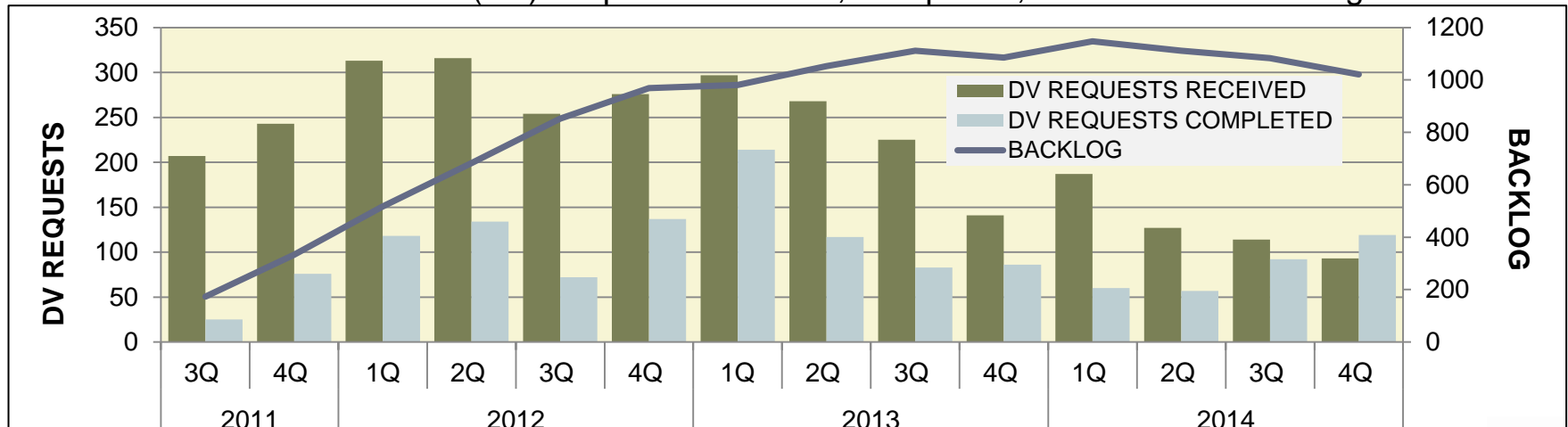
Fiscal impact for 2017-19: estimated to be \$921,875, which includes a \$35,000 reduction from 2015-17 initial office set-up costs of \$5,000 each for the seven new positions.

Link to Strategic Plan Initiative:

## Data Reliability

- Member Accountability
- Data Constancy

Data Verification (DV) Requests Received, Completed, and Year-End Backlog



# Package 103 – Data Verification Unit Staffing

PERS' 2015-2020 Strategic Plan is predicated on establishing members as the primary quality check-point for their data and to ensure data remains static after it is used in a transaction or payment:

## **Focus Area: Member Accountability**

- Objective 1: Target specific data for remediation to allow members to more meaningfully review the content.
- Objective 2: Educate members on the use and limitations of OMS legacy data.

## **Focus Area: Data Constancy**

- Objective 1: Lock submitted data for each calendar year.
- Objective 2: Lock legacy data after allowing employers to review and correct prior records.

When fully realized, these strategies will hopefully reduce or eliminate the need for this program and the agency will adjust staffing levels accordingly, repurposing this staff to supporting the data needs these strategies will generate.

# Package 103 – Data Verification Unit Staffing

## Outcome

- The program must be appropriately resourced if we are to complete 90% of data verifications within six months of the request.
- Expanding the Data Verification Unit from the current five staff with an additional seven permanent staff will improve service levels and decrease the backlog, with the goal to keep up with new verification requests as they are received monthly.
- Success will be measured by the output of the Data Verification Unit including:
  - Processing of current requests;
  - Reduction of the request backlog;
  - Reduction of abandoned requests due to the length of time a member has to receive estimated payments while waiting for a data verification.

**KPM 6 - Customer Service:** Maintain 95% or higher good or excellent responses for annual customer satisfaction survey.

# Package 104 – ORION Maintenance & Enhancements

- 1. Technical Debt:** jClarety architecture was designed over a decade ago. Components need updating to keep the system scalable, maintainable, and meet current industry standards, extending the system’s life until 2020. For example:
  - jClarety cannot support mobile web browsers or current versions (e.g., anything newer than MS Internet Explorer v. 10) because it was originally designed only for internal users.
  - System-generated letters can only be produced in rich text format (.rtf), not in .pdf, Word, or Exchange (for email integration).
- 2. OPSRP Functionality:** In the rush to develop jClarety to support OPSRP, some basic functions were not addressed that are now emerging as that population grows:
  - Processing divorce decrees which create Alternate Payees for member benefits.
  - Administering Loss of Membership when non-vested members leave employment.

PERS requests \$3,281,250 Other Funds limitation to create a team of existing staff and contractors to update jClarety’s architecture and develop these system enhancements.

Fiscal impact for 2017-19: None.

Links to Strategic Plan Initiatives:

Information Technology

- Agile Technology System

Member Services and Communications

- Quality Delivery Methods

# Package 104 – ORION Maintenance & Enhancements

2015						2016						2017											
J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
<b>Package 104 TOTAL: \$3,281,250</b>																							
Technical Debt: \$1,300,000: 7/1/15 – 2/28/17																							
Initiation/Elaboration: \$390,000; 7/1/15 – 12/31/15						Construction: \$650,000; 1/4/16 – 9/30/16						Transition: \$260,000; 10/3/16 – 2/28/17											
OPSRP Functionality: \$1,981,250: 7/1/15 – 6/30/17																							
Initiation/Elaboration: \$396,250; 7/1/15 – 11/30/15						Construction: \$1,188,750; 12/1/15 – 3/31/17												Trans: \$396,250; 4/3/17 – 6/30/17					

# Package 104 – ORION Maintenance & Enhancements

## Outcomes

PERS proposes to create a team of existing staff and contractors to address the technical debt priorities of jClarety. Team objectives over the 2015-17 biennium are to:

- Resolve processing errors and potential data corruption of poorly programmed batch jobs; improve batch error handling and reporting.
- Resolve timeout errors and redesign steps for handling complex member data benefit processing.
- Update jClarety reporting to use standard, cost-effective technologies.
- Provide a modern tool to allow more flexibility in preparing template letters generated by jClarety.
- Refine the jClarety database design; remove obsolete tables, and the storage of duplicate data.
- Remove jClarety obsolete code and add proper error handling and reporting to improve the ability to diagnosis and maintain the application.

# Package 104 – ORION Maintenance & Enhancements

## Outcomes (continued)

- jClarety lacks functionality for some administrative functions that are surfacing as OPSRP matures. Many OPSRP transactions must be handled manually which leads to a higher rate of errors and use of additional staff time. Automating these OPSRP processes will allow staff to stop manual reviews, overrides, and ad-hoc calculations to administer benefit transactions that are not currently programmed into jClarety.

**KPM 1 - Timely Retirement Payments:** 80% of retirement benefits paid within 45 days.

**KPM 2 - Total Benefit Administration Costs per Member:** <\$135

**KPM 4 - Benefit Accuracy:** 100% of retirements calculated to within \$5 per month.

**KPM 6 - Customer Service:** Maintain 95% or higher good or excellent responses for annual customer satisfaction survey.

# Package 105 – Disaster Recovery Upgrades

PERS requests \$1,581,200 Other Funds limitation to further develop the agency's Disaster Recovery (DR) and Business Continuity (BC) technology infrastructure.

DR and BC solutions will allow critical business and infrastructure services to resume quickly in the case of a localized event.

Fiscal impact for 2017-19: ~\$220,000 in on-going software and hardware maintenance.

Infrastructure changes to a Virtual Desktop Environment will facilitate more robust and efficient recovery and resumption activities. The Virtual Desktop replaces ~400 desktop and laptop systems with a virtual desktop hosted in a data center that can be accessed remotely. This new environment will also improve data security, reduce life-cycle replacement and other maintenance costs, and provide more efficient deployments of agency-wide software upgrades.

Fiscal impact for 2017-19: ~\$93,200 in on-going software and hardware maintenance.

Single Sign-On infrastructure provides enhanced end-user and application access security.

Fiscal impact for 2017-19: ~\$20,000 in on-going software and hardware maintenance.

Link to Strategic Plan Initiative:

Information Technology

- Disaster Recovery



# Package 105 – Disaster Recovery Upgrades

2015						2016						2017											
J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
<b>Package 105 TOTAL: \$1,581,200</b>																							
Initiation/Elaboration: \$553,420; 7/1/15 – 1/29/16						Construction/Transition: \$1,027,780; 2/1/16 – 6/30/17																	

# Package 105 – Disaster Recovery Upgrades

## Outcomes for Disaster Recovery and Business Continuity

- Ensure compliance with DAS Statewide Policy #107-001-010 on Business Continuity Planning.
- Reduce the impact of a catastrophic event that may impact the agency ability to restore service to members and employers.
- Increase the ability for PERS data systems to recover in a timely manner.

**KPM 1 - Timely Retirement Payments:** 80% of retirement benefits paid within 45 days.

**KPM 2 - Total Benefit Administration Costs per Member:** <\$135

**KPM 6 - Customer Service:** Maintain 95% or higher good or excellent responses for annual customer satisfaction survey.

# Package 105 – Disaster Recovery Upgrades

## Outcomes for Virtual Desktop Environment

- This infrastructure would be able to support a remote workforce in the event of catastrophe, so staff could “telecommute” using their own devices with the same desktop functionality regardless of location.
- Long-term savings are achieved as life-cycle replacement costs for hardware will decrease, and technical staff will be able to deploy software patches and upgrades more rapidly.

**KPM 1 - Timely Retirement Payments:** 80% of retirement benefits paid within 45 days.

**KPM 2 - Total Benefit Administration Costs per Member:** <\$135

**KPM 6 - Customer Service:** Maintain 95% or higher good or excellent responses for annual customer satisfaction survey.

# Package 105 – Disaster Recovery Upgrades

## Outcomes for Single Sign-On

- PERS would design and implement a single sign-on infrastructure to enable the secure access to core business applications without the need to maintain multiple accounts and passwords.
- Staff will be better able to secure members' personally identifiable information from potential loss due to improperly monitored and aged passwords.
- Continuing to use decentralized username and password aging schemes exposes the agency to potential security vulnerabilities which, unchecked, may lead to a major outage or loss of member data.

**KPM 1** - Timely Retirement Payments: 80% of retirement benefits paid within 45 days.

**KPM 2** - Total Benefit Administration Costs per Member: <\$135

**KPM 6** - Customer Service: Maintain 95% or higher good or excellent responses for annual customer satisfaction survey.

# Fiscal Impacts for 2015 Bills Being Considered

## Senate Bill 370

- Establishes a new benefit for ex-spouses of OPSRP members who die before retiring.
- Fiscal impact: \$225,000 to develop functionality in ORION to divide OPSRP benefit if awarded in a divorce.

## House Bill 3495

- Standardizes the start date for member and employer contributions for OPSRP members to be the first full pay period following the member's six-month "waiting time."
- Fiscal impact: \$284,960 to complete system programming changes and temporary staffing.

# Budget Summary

	2003-05	2005-07	2007-09	2009-11	2011-13	2013-15 LAB	2015-17 CSL	2015-17 GB
<b>Limited:</b>								
Other Funds- Personal Svcs	39,846,965	46,953,972	50,682,707	52,751,494	56,744,618	64,362,688	65,088,636	66,533,979
Other Funds - Srvcs/Supplies	36,471,820	30,384,327	29,620,738	29,916,870	21,660,024	21,009,989	22,069,673	26,325,616
Other Funds - Capital Outlay	8,972,339	1,033,494	947,701	593,588	927,588	1,478,453	595,807	2,121,807
Other Funds	85,291,124	78,371,793	81,251,146	83,261,952	79,332,230	86,851,130	87,754,116	94,981,402
Other Funds Debt Srvc	3,629,282	5,720,950	5,709,200	1,423,075	1,418,600	1,302,850	1,290,750	1,290,750
<b>Total</b>	<b>88,920,406</b>	<b>84,092,743</b>	<b>86,960,346</b>	<b>84,685,027</b>	<b>80,750,830</b>	<b>88,153,980</b>	<b>89,044,866</b>	<b>96,272,152</b>
Permanent Positions	269	264	294	327	332	362	361	374
Limited Positions	151	137	100	41	33	5	3	6
Total Positions	420	401	394	368	365	367	364	380
<b>Non-Limited:</b>								
Other Funds	5,709,547,757	5,646,765,074	6,286,947,122	6,781,885,664	7,434,035,699	9,277,875,000	8,476,114,000	9,553,923,062
Other Funds Debt Srvc					3,140,326			
<b>Total</b>	<b>5,709,547,757</b>	<b>5,646,765,074</b>	<b>6,286,947,122</b>	<b>6,781,885,664</b>	<b>7,437,176,025</b>	<b>9,277,875,000</b>	<b>8,476,114,000</b>	<b>9,553,923,062</b>
Total Expenditures	5,798,468,163	5,730,857,817	6,373,907,468	6,866,570,691	7,517,926,855	9,366,028,980	8,565,158,866	9,650,195,214
% Limited Budget	1.53%	1.47%	1.36%	1.23%	1.07%	0.94%	1.04%	1.00%

# 10% Budget Reduction Options

- In compliance with ORS 291.216, PERS' 10% Reduction Options were included in the Governor's Budget in the Agency Summary Section.
- PERS administers a single, integrated system of retirement, death, and disability benefit programs for public employees. As such, budget reductions are based on a strategy that would decrease service levels and performance metrics, rather than eliminating programs or functions.
- The identified reduction options total 36 positions (36.00 FTE) and \$8,775,412 against the Current Service Level of \$87,754,116 (10.00%).

# 2015 Key Performance Measures (KPMs)

KPM	Status and Comments
<p>1. Timely retirement payments (percentage of initial service retirements paid within 45 days of retirement date) Target: 80%</p>	<p><b>Decrease:</b> During 2014, 61% of benefit payments were issued within 45 days of retirement date, down from 70% in 2013. This decrease is related to increased volume. Mid-FY volume reached all-time highs in December 2013. Performance rebounded to 83% processed within 45 days of retirement date during the final quarter of FY2014.</p>
<p>2. Total benefit administration costs (benefit administration cost per member) Target: \$135</p>	<p><b>Target exceeded:</b> Total benefit administration cost per member decreased from \$125 in 2013 to \$120 in 2014. This was well within the targeted performance of \$135 or less for 2014.</p>



# 2015 Key Performance Measures (KPMs)

KPM	Status and Comments
<p>3. PERS member-to-staff ratio Target: 985:1</p>	<p><b>Near target:</b> Ratio decreased from 995:1 in 2013 to 973:1 in 2014, due to flat membership growth and slight staff growth (1%) with the addition of staff supporting the <i>Strunk/Eugene</i> Overpayment Recovery Project. Ratio is just under target.</p>
<p>4. Accurate benefit calculations (percentage of monthly benefits calculated to within \$5) Target: 100%</p>	<p><b>Approaching target:</b> During 2014, 99% of initial service retirements were calculated accurately to within \$5 per month, up from 98% in 2013.</p>
<p>5. Percent of state employees participating in the deferred compensation program (OSGP) Target: 38%</p>	<p><b>Increase:</b> State employee participation in OSGP increased from 35% in 2013 to 36% in 2014, while OSGP continues to enhance efforts to educate and remind existing and new employees of the benefits of participating in the program.</p>

# 2015 Key Performance Measures (KPMs)

KPM	Status and Comments
<p>6. Percent of customers rating the agency’s customer service as “good” or “excellent”</p> <p>Target: 95%</p>	<p><b>Increase:</b> 92% of members and retirees rated PERS customer service “good” or “excellent” overall in the 2014 customer satisfaction survey, up from 90% in 2013. This is short of the newly increased target of 95%.</p>
<p>7. Timely benefit estimates (percent of benefit estimates processed within 30 days of request)</p> <p>Target: 95%</p>	<p><b>Decrease:</b> PERS provided benefit estimates within 30 days of the request 54% of the time in 2014, a decrease from 72% in 2013, mainly due to staff turnover and increased volume.</p>
<p>8. Percent of best practices met by Board of Directors</p> <p>Target: 100%</p>	<p><b>Target met:</b> 100% of the 15 best practices criteria were met in the 2013-15 biennium, which is consistent with the previous two biennia.</p>