

MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: General Government Subcommittee
From: John Borden, Legislative Fiscal Office
(503) 986-18452
Date: June 2, 2015
Subject: Public Employees Retirement System (HB 5034)
Work Session Recommendations

Public Employees Retirement System

| | 2011-13 Actuals | 2013-15 Legislatively Approved* | 2015-17 Current Service Level | 2015-17 LFO Recommended |
|-------------------------|----------------------|---------------------------------------|----------------------------------|----------------------------|
| Other Funds | 75,017,618 | 88,153,980 | 89,655,192 | 95,454,756 |
| Other Funds Non-Limited | 7,779,837,107 | 9,277,875,000 | 8,476,114,000 | 9,723,458,062 |
| Total Funds | 7,854,854,725 | 9,366,028,980 | 8,565,769,192 | 9,818,912,818 |
| Positions | 369 | 369 | 364 | 380 |
| FTE | 363.99 | 367.23 | 364.00 | 380.00 |

*includes Emergency Board and administrative actions through December 2014.

Attached are the recommendations from the Legislative Fiscal Office for the *Public Employees Retirement System*. It contains the following:

- Package 101 Current Service Metrics Staffing Request (\$644,083/6 positions/6.00 FTE)
- Package 102 IAP Phase III (\$1.9 million/3 positions/3.00 FTE)
- Package 103 Data Verification (\$956,875/7 positions/7.00 FTE)
- Package 104 Technology Maintenance and Enhancements (\$250,000)
- Package 105 Disaster Recovery Infrastructure Upgrade (\$1.6 million)
- Package 801 LFO Analyst Adjustments (\$169.5 million Nonlimited/\$1.2 million limited reduction)
- Package 802 NonLimited Expenditure Adjustments (\$1.1 billion)
- Package 803 Supreme Court Decision (\$1.6 million)

Adjustments to Current Service Level:

See attached "Work Session Presentation Report" dated 06/02/2015.

Motion: Move the LFO recommendations to HB 5034, or move the LFO recommendations with modifications.

Performance Measures

See attached “Legislatively Proposed 2015-17 Key Performance Measures” form.

Accept the LFO recommendation: Move the LFO recommendation on Key Performance Measures

OR

Change the LFO recommendation: Move the LFO recommendation on Key Performance Measures with modifications.

Budget Notes

Budget Note #1: *The Public Employees Retirement System (PERS) is directed to report to the Joint Committee on Ways and Means during the Legislative session in 2016, or the next Emergency Board, if the PERS Board adopts any change to the assumed earnings rate. The report is to include an actuarial analysis specially focused on the change in the assumed earnings rate.*

Budget Note #2: *The Public Employees Retirement System, in consideration of a future information technology upgrade of its retirement applications, is directed to undertake a statutory review to identify recommendations for simplifying and reducing the costs of the statutory benefits structure and its administration. The report is to be submitted to the appropriate legislative committee(s) by September 2016.*

Budget Note #3: *The Public Employees Retirement System (PERS) is directed to conduct a detailed health check and risk assessment of the current state of its disaster recovery and business continuity environment, including the state of its current disaster recovery and business continuity plans. PERS is to develop an associated prioritized action plan to correct all identified deficiencies and to ensure that its disaster recovery and business continuity plans are in alignment with state policies, standards, and guidelines. PERS is directed to report to the Joint Committee on Ways and Means during the Legislative session in 2016 with its findings and prioritized action plan.*

Accept LFO Recommendation

Move the LFO recommended budget notes

OR

Change LFO recommendation

Move the LFO recommended budget notes, with modifications.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$95,454,756 *Other Funds limited and \$9,723,458,062 Other Fund Nonlimited and 380 positions (380.00 FTE)* and that House Bill 5034 be amended accordingly.

Motion: Move adoption of the -1 amendment to HB 5034.

HB 5034 Final Subcommittee Action:

The measure, as amended by the -1, is recommended to be moved to the full Committee on Joint Ways and Means.

Motion: Move HB 5034, as amended, to the Full Committee with a “do pass as amended” recommendation.

Carriers:

Full Committee Carrier: _____

Second Chamber Carrier: _____

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|---------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | 84,002,344 | - | 9,277,875,000 | - | 9,361,877,344 | 369 | 367.23 |
| 2013-15 Ebds, SS & Admin Act | - | - | 4,151,636 | - | - | - | 4,151,636 | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | 88,153,980 | - | 9,277,875,000 | - | 9,366,028,980 | 369 | 367.23 |
| 2013-15 Leg Approved Budget (Base) | - | - | 88,153,980 | - | 9,277,875,000 | - | 9,366,028,980 | 369 | 367.23 |
| Summary of Base Adjustments | - | - | 174,239 | - | (801,761,000) | - | (801,586,761) | (8) | (6.23) |
| 2015-17 Base Budget | - | - | 88,328,219 | - | 8,476,114,000 | - | 8,564,442,219 | 361 | 361.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | - | - | 409,686 | - | - | - | 409,686 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | - | - | (3,422,327) | - | - | - | (3,422,327) | 3 | 3.00 |
| 030: Inflation & Price List Adjustments | - | - | 4,269,614 | - | - | - | 4,269,614 | - | - |
| 060: Technical Adjustments | - | - | 70,000 | - | - | - | 70,000 | - | - |
| 2015-17 Current Service Level | - | - | 89,655,192 | - | 8,476,114,000 | - | 8,565,769,192 | 364 | 364.00 |
| Adjusted 2015-17 Current Service Level | - | - | 89,655,192 | - | 8,476,114,000 | - | 8,565,769,192 | 364 | 364.00 |
| Total LFO Recommended Packages | - | - | 5,799,564 | - | 1,247,344,062 | - | 1,253,143,626 | 16 | 16.00 |
| 2015-17 Legislative Actions | - | - | 95,454,756 | - | 9,723,458,062 | - | 9,818,912,818 | 380 | 380.00 |
| Net change from 2013-15 Leg Approved Budget | - | - | 7,300,776 | - | 445,583,062 | - | 452,883,838 | 11 | 12.77 |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 8.3% | 0.0% | 4.8% | 0.0% | 4.8% | 3.0% | 3.5% |
| Net change from 2015-17 Current Service Level | - | - | 5,799,564 | - | 1,247,344,062 | - | 1,253,143,626 | 16 | 16.00 |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 6.5% | 0.0% | 14.7% | 0.0% | 14.6% | 4.4% | 4.4% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|---------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | - | - | 8,132,200,000 | - | 8,132,200,000 | - | - |
| Summary of Base Adjustments | - | - | - | - | (793,114,672) | - | (793,114,672) | - | - |
| 2015-17 Base Budget | - | - | - | - | 7,339,085,328 | - | 7,339,085,328 | - | - |
| 2015-17 Current Service Level | - | - | - | - | 7,339,085,328 | - | 7,339,085,328 | - | - |
| Adjusted 2015-17 Current Service Level | - | - | - | - | 7,339,085,328 | - | 7,339,085,328 | - | - |
| Total LFO Recommended Packages | - | - | - | - | 923,862,534 | - | 923,862,534 | - | - |
| 2015-17 Legislative Actions | - | - | - | - | 8,262,947,862 | - | 8,262,947,862 | - | - |
| Net change from 2013-15 Leg Approved Budget | - | - | - | - | 8,262,947,862 | - | 8,262,947,862 | - | - |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 0.0% |
| Net change from 2015-17 Current Service Level | - | - | - | - | 923,862,534 | - | 923,862,534 | - | - |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 0.0% | 0.0% | 12.6% | 0.0% | 12.6% | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description This package adds Nonlimited Other Funds expenditure limitation for Tier One and Tier Two benefit payments related to implementing the Moro Supreme Court Decision.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---|---|-------------|---|-------------|---|---|
| LFO Recommended | - | - | - | - | 167,387,000 | - | 167,387,000 | - | - |
|-----------------|---|---|---|---|-------------|---|-------------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 802 Nonlimited Expenditure Increase

Package Description This package revises revenues and expenditures with updated forecast information from the agency (pre-Moro Supreme Court Decision).

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---|---|-------------|---|-------------|---|---|
| LFO Recommended | - | - | - | - | 756,475,534 | - | 756,475,534 | - | - |
|-----------------|---|---|---|---|-------------|---|-------------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | - | - | 408,661,000 | - | 408,661,000 | - | - |
| Summary of Base Adjustments | - | - | - | - | 62,508,431 | - | 62,508,431 | - | - |
| 2015-17 Base Budget | - | - | - | - | 471,169,431 | - | 471,169,431 | - | - |
| 2015-17 Current Service Level | - | - | - | - | 471,169,431 | - | 471,169,431 | - | - |
| Adjusted 2015-17 Current Service Level | - | - | - | - | 471,169,431 | - | 471,169,431 | - | - |
| Total LFO Recommended Packages | - | - | - | - | 86,925,014 | - | 86,925,014 | - | - |
| 2015-17 Legislative Actions | - | - | - | - | 558,094,445 | - | 558,094,445 | - | - |
| Net change from 2013-15 Leg Approved Budget | - | - | - | - | 558,094,445 | - | 558,094,445 | - | - |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 0.0% |
| Net change from 2015-17 Current Service Level | - | - | - | - | 86,925,014 | - | 86,925,014 | - | - |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 0.0% | 0.0% | 18.5% | 0.0% | 18.5% | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 802 Nonlimited Expenditure Increase

Package Description This package revises revenues and expenditures with updated forecast information from the agency.

NEED Detail for S&S add

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---|---|------------|---|------------|---|---|
| LFO Recommended | - | - | - | - | 86,925,014 | - | 86,925,014 | - | - |
|-----------------|---|---|---|---|------------|---|------------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | - | - | 15,814,000 | - | 15,814,000 | - | - |
| Summary of Base Adjustments | - | - | - | - | 1,030,601 | - | 1,030,601 | - | - |
| 2015-17 Base Budget | - | - | - | - | 16,844,601 | - | 16,844,601 | - | - |
| 2015-17 Current Service Level | - | - | - | - | 16,844,601 | - | 16,844,601 | - | - |
| Adjusted 2015-17 Current Service Level | - | - | - | - | 16,844,601 | - | 16,844,601 | - | - |
| Total LFO Recommended Packages | - | - | - | - | 12,082,263 | - | 12,082,263 | - | - |
| 2015-17 Legislative Actions | - | - | - | - | 28,926,864 | - | 28,926,864 | - | - |
| Net change from 2013-15 Leg Approved Budget | - | - | - | - | 28,926,864 | - | 28,926,864 | - | - |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 0.0% |
| Net change from 2015-17 Current Service Level | - | - | - | - | 12,082,263 | - | 12,082,263 | - | - |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 0.0% | 0.0% | 71.7% | 0.0% | 71.7% | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description This package adds Nonlimited Other Funds expenditure limitation for Oregon Public Service Retirement Plan benefit payments related to implementing the Moro Supreme Court Decision.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---|---|-----------|---|-----------|---|---|
| LFO Recommended | - | - | - | - | 2,148,000 | - | 2,148,000 | - | - |
|-----------------|---|---|---|---|-----------|---|-----------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 802 Nonlimited Expenditure Increase

Package Description This package revises revenues and expenditures with updated forecast information from the agency (pre-Moro Supreme Court Decision).

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---|---|-----------|---|-----------|---|---|
| LFO Recommended | - | - | - | - | 9,934,263 | - | 9,934,263 | - | - |
|-----------------|---|---|---|---|-----------|---|-----------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|--------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | - | - | 721,200,000 | - | 721,200,000 | - | - |
| Summary of Base Adjustments | - | - | - | - | (72,185,360) | - | (72,185,360) | - | - |
| 2015-17 Base Budget | - | - | - | - | 649,014,640 | - | 649,014,640 | - | - |
| 2015-17 Current Service Level | - | - | - | - | 649,014,640 | - | 649,014,640 | - | - |
| Adjusted 2015-17 Current Service Level | - | - | - | - | 649,014,640 | - | 649,014,640 | - | - |
| Total LFO Recommended Packages | - | - | - | - | 224,474,251 | - | 224,474,251 | - | - |
| 2015-17 Legislative Actions | - | - | - | - | 873,488,891 | - | 873,488,891 | - | - |
| Net change from 2013-15 Leg Approved Budget | - | - | - | - | 873,488,891 | - | 873,488,891 | - | - |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 100.0% | 0.0% | 0.0% |
| Net change from 2015-17 Current Service Level | - | - | - | - | 224,474,251 | - | 224,474,251 | - | - |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 0.0% | 0.0% | 34.6% | 0.0% | 34.6% | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 802 Nonlimited Expenditure Increase

Package Description This package revises revenues and expenditures with updated forecast information from the agency.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---|---|-------------|---|-------------|---|---|
| LFO Recommended | - | - | - | - | 224,474,251 | - | 224,474,251 | - | - |
|-----------------|---|---|---|---|-------------|---|-------------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|----------------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | 8,540,861,000 | - | 8,540,861,000 | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | 8,540,861,000 | - | 8,540,861,000 | - | - |
| Net change from 2013-15 Leg Approved Budget | - | - | - | - | (8,540,861,000) | - | (8,540,861,000) | - | - |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 0.0% | 0.0% | (100.0%) | 0.0% | (100.0%) | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|---------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | 737,014,000 | - | 737,014,000 | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | 737,014,000 | - | 737,014,000 | - | - |
| Net change from 2013-15 Leg Approved Budget | - | - | - | - | (737,014,000) | - | (737,014,000) | - | - |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 0.0% | 0.0% | (100.0%) | 0.0% | (100.0%) | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|--------------|---------------|------------------------|--------------------------|--------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | 82,699,494 | - | - | - | 82,699,494 | 369 | 367.23 |
| 2013-15 Ebds, SS & Admin Act | - | - | 4,151,636 | - | - | - | 4,151,636 | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | 86,851,130 | - | - | - | 86,851,130 | 369 | 367.23 |
| 2013-15 Leg Approved Budget (Base) | - | - | - | - | - | - | - | - | - |
| Summary of Base Adjustments | - | - | - | - | - | - | - | - | - |
| 2015-17 Base Budget | - | - | - | - | - | - | - | - | - |
| 2015-17 Current Service Level | - | - | - | - | - | - | - | - | - |
| Adjusted 2015-17 Current Service Level | - | - | - | - | - | - | - | - | - |
| 2015-17 Legislative Actions | - | - | - | - | - | - | - | - | - |
| Net change from 2013-15 Leg Approved Budget | - | - | (86,851,130) | - | - | - | (86,851,130) | (369) | (367.23) |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | (100.0%) | 0.0% | 0.0% | 0.0% | (100.0%) | (100.0%) | (100.0%) |
| Net change from 2015-17 Current Service Level | - | - | - | - | - | - | - | - | - |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | 1,302,850 | - | - | - | 1,302,850 | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | 1,302,850 | - | - | - | 1,302,850 | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | 1,302,850 | - | - | - | 1,302,850 | - | - |
| Summary of Base Adjustments | - | - | (12,100) | - | - | - | (12,100) | - | - |
| 2015-17 Base Budget | - | - | 1,290,750 | - | - | - | 1,290,750 | - | - |
| 2015-17 Current Service Level | - | - | 1,290,750 | - | - | - | 1,290,750 | - | - |
| Adjusted 2015-17 Current Service Level | - | - | 1,290,750 | - | - | - | 1,290,750 | - | - |
| 2015-17 Legislative Actions | - | - | 1,290,750 | - | - | - | 1,290,750 | - | - |
| Net change from 2013-15 Leg Approved Budget | - | - | (12,100) | - | - | - | (12,100) | - | - |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | (0.9%) | 0.0% | 0.0% | 0.0% | (0.9%) | 0.0% | 0.0% |
| Net change from 2015-17 Current Service Level | - | - | - | - | - | - | - | - | - |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | 3,456,375 | - | - | - | 3,456,375 | 11 | 10.13 |
| Summary of Base Adjustments | - | - | 74,267 | - | - | - | 74,267 | (1) | (0.13) |
| 2015-17 Base Budget | - | - | 3,530,642 | - | - | - | 3,530,642 | 10 | 10.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | - | - | 17,768 | - | - | - | 17,768 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | - | - | (530,000) | - | - | - | (530,000) | - | - |
| 030: Inflation & Price List Adjustments | - | - | 543,230 | - | - | - | 543,230 | - | - |
| 060: Technical Adjustments | - | - | 72,638 | - | - | - | 72,638 | - | - |
| 2015-17 Current Service Level | - | - | 3,634,278 | - | - | - | 3,634,278 | 10 | 10.00 |
| Adjusted 2015-17 Current Service Level | - | - | 3,634,278 | - | - | - | 3,634,278 | 10 | 10.00 |
| Total LFO Recommended Packages | - | - | (44,386) | - | - | - | (44,386) | - | - |
| 2015-17 Legislative Actions | - | - | 3,589,892 | - | - | - | 3,589,892 | 10 | 10.00 |
| Net change from 2013-15 Leg Approved Budget | - | - | 3,589,892 | - | - | - | 3,589,892 | 10 | 10.00 |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | 100.0% |
| Net change from 2015-17 Current Service Level | - | - | (44,386) | - | - | - | (44,386) | - | - |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | (1.2%) | 0.0% | 0.0% | 0.0% | (1.2%) | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description Personal service (vacancy savings) and service and supplies expenditures have been adjusted in recognition of the fact that actual expenditures average well below budget authority.

The package reduces personal services by \$25,958 and services and supplies by \$18,428.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|----------|---|---|---|----------|---|---|
| LFO Recommended | - | - | (44,386) | - | - | - | (44,386) | - | - |
|-----------------|---|---|----------|---|---|---|----------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------------|---------------|------------------------|--------------------------|-------------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | 13,339,611 | - | - | - | 13,339,611 | 80 | 80.00 |
| Summary of Base Adjustments | - | - | 117,104 | - | - | - | 117,104 | (1) | (1.00) |
| 2015-17 Base Budget | - | - | 13,456,715 | - | - | - | 13,456,715 | 79 | 79.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | - | - | 93,148 | - | - | - | 93,148 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | - | - | (187,963) | - | - | - | (187,963) | - | - |
| 030: Inflation & Price List Adjustments | - | - | 20,213 | - | - | - | 20,213 | - | - |
| 060: Technical Adjustments | - | - | 102,603 | - | - | - | 102,603 | - | - |
| 2015-17 Current Service Level | - | - | 13,484,716 | - | - | - | 13,484,716 | 79 | 79.00 |
| Adjusted 2015-17 Current Service Level | - | - | 13,484,716 | - | - | - | 13,484,716 | 79 | 79.00 |
| Total LFO Recommended Packages | - | - | 697,153 | - | - | - | 697,153 | 1 | 1.00 |
| 2015-17 Legislative Actions | - | - | 14,181,869 | - | - | - | 14,181,869 | 80 | 80.00 |
| Net change from 2013-15 Leg Approved Budget | - | - | 14,181,869 | - | - | - | 14,181,869 | 80 | 80.00 |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | 100.0% |
| Net change from 2015-17 Current Service Level | - | - | 697,153 | - | - | - | 697,153 | 1 | 1.00 |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 5.2% | 0.0% | 0.0% | 0.0% | 5.2% | 1.3% | 1.3% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 101 Current Service Metrics Staffing Request

Package Description This package adds one permanent full-time equivalent Retirement Counselor 2 position (1.00 FTE) to handle increasing numbers of retirements related to the Oregon Public Service Retirement Plan.

The package adds personal services (\$126,681) and services and supplies (\$11,025) for a total of \$139,706.

The revenue to fund the package is from an administrative expense charged against retirement trust funds.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---------|---|---|---|---------|---|------|
| LFO Recommended | - | - | 139,706 | - | - | - | 139,706 | 1 | 1.00 |
|-----------------|---|---|---------|---|---|---|---------|---|------|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description Personal service (vacancy savings) and service and supplies expenditures have been adjusted in recognition of the fact that actual expenditures average well below budget authority.

The package reduces personal services by \$125,795 and services and supplies by \$13,578.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | (139,373) | - | - | - | (139,373) | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 803 Supreme Court Decision

Package Description The agency requests additional budget authority to implement the Oregon Supreme Court ruling on SB 822 (2013) and SB 861 (2013 special session).

The package increases services and supplies by \$696,820 Other Funds. This is a one-time cost to be phased-out of the agency 2017-19 budget.

The revenue source is from an administrative charge against retirement trust funds.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---------|---|---|---|---------|---|---|
| LFO Recommended | - | - | 696,820 | - | - | - | 696,820 | - | - |
|-----------------|---|---|---------|---|---|---|---------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | 18,920,783 | - | - | - | 18,920,783 | 61 | 60.84 |
| Summary of Base Adjustments | - | - | 58,388 | - | - | - | 58,388 | (3) | (2.84) |
| 2015-17 Base Budget | - | - | 18,979,171 | - | - | - | 18,979,171 | 58 | 58.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | - | - | 57,907 | - | - | - | 57,907 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | - | - | 388,829 | - | - | - | 388,829 | 3 | 3.00 |
| 030: Inflation & Price List Adjustments | - | - | 3,251,361 | - | - | - | 3,251,361 | - | - |
| 060: Technical Adjustments | - | - | (6,639) | - | - | - | (6,639) | - | - |
| 2015-17 Current Service Level | - | - | 22,670,629 | - | - | - | 22,670,629 | 61 | 61.00 |
| Adjusted 2015-17 Current Service Level | - | - | 22,670,629 | - | - | - | 22,670,629 | 61 | 61.00 |
| Total LFO Recommended Packages | - | - | (308,398) | - | - | - | (308,398) | 1 | 1.00 |
| 2015-17 Legislative Actions | - | - | 22,362,231 | - | - | - | 22,362,231 | 62 | 62.00 |
| Net change from 2013-15 Leg Approved Budget | - | - | 22,362,231 | - | - | - | 22,362,231 | 62 | 62.00 |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | 100.0% |
| Net change from 2015-17 Current Service Level | - | - | (308,398) | - | - | - | (308,398) | 1 | 1.00 |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | (1.4%) | 0.0% | 0.0% | 0.0% | (1.4%) | 1.6% | 1.6% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 101 Current Service Metrics Staffing Request

Package Description This package moves the daytime custodial position (1.00 FTE) for the PERS building from the Department of Administrative Services' budget to PERS' budget. One position is added to PERS' budget and one position is abolished in DAS' budget (DAS policy package #123). The incumbent employee would be transferred to PERS.

There is no net expenditure change. Services and supplies expenditures are reduced and personal services expenditures are increased by an identical amount.

The revenue to fund the package is from an administrative expense charged against retirement and health trust funds that the agency administers.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---|---|---|---|---|---|------|
| LFO Recommended | - | - | - | - | - | - | - | 1 | 1.00 |
|-----------------|---|---|---|---|---|---|---|---|------|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description Personal service (vacancy savings) and service and supplies expenditures have been adjusted in recognition of the fact that actual expenditures average well below budget authority.

The package reduces personal services by \$112,483 and services and supplies by \$195,915.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | (308,398) | - | - | - | (308,398) | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

LFO102 - Work Session Presentation Report
2015-17 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 45900-500-04-00-00000
Information Services Division

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------------|---------------|------------------------|--------------------------|-------------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | 24,715,700 | - | - | - | 24,715,700 | 74 | 74.00 |
| Summary of Base Adjustments | - | - | 62,187 | - | - | - | 62,187 | (2) | (2.00) |
| 2015-17 Base Budget | - | - | 24,777,887 | - | - | - | 24,777,887 | 72 | 72.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | - | - | 93,002 | - | - | - | 93,002 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | - | - | (2,894,250) | - | - | - | (2,894,250) | - | - |
| 030: Inflation & Price List Adjustments | - | - | 291,683 | - | - | - | 291,683 | - | - |
| 060: Technical Adjustments | - | - | (193,317) | - | - | - | (193,317) | - | - |
| 2015-17 Current Service Level | - | - | 22,075,005 | - | - | - | 22,075,005 | 72 | 72.00 |
| Adjusted 2015-17 Current Service Level | - | - | 22,075,005 | - | - | - | 22,075,005 | 72 | 72.00 |
| Total LFO Recommended Packages | - | - | 4,297,231 | - | - | - | 4,297,231 | 3 | 3.00 |
| 2015-17 Legislative Actions | - | - | 26,372,236 | - | - | - | 26,372,236 | 75 | 75.00 |
| Net change from 2013-15 Leg Approved Budget | - | - | 26,372,236 | - | - | - | 26,372,236 | 75 | 75.00 |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | 100.0% |
| Net change from 2015-17 Current Service Level | - | - | 4,297,231 | - | - | - | 4,297,231 | 3 | 3.00 |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 19.5% | 0.0% | 0.0% | 0.0% | 19.5% | 4.2% | 4.2% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 102 Fully Integrating IAP into ORION-Ph III

Package Description The request is to move the administration of the Individual Account Program (IAP) from a third-party administrator to the agency. To bring the IAP program fully in-house, the agency's Oregon Retirement Information On-line Network (ORION) application would require modification during a three-phase process: Phase I Inception (\$300,000)(2013-15 biennium); Phase II Elaboration or Development (\$718,750)(2013-15 biennium); Phase III Construction or Implementation (\$1,194,250)(2015-17 biennium).

The package adds personal services (\$513,076), services and supplies (\$901,323), and capital outlay (\$125,000) for a total of \$1.941 million Other Funds. Three positions are added (3.00 FTE).

The estimated cost in the 2017-19 biennium is \$33,000.

The revenue to fund the package is from retirement trust funds that the agency administers.

LFO Recommendation Approved the policy package as modified by the recommendation of the Joint Committee on Ways and Means - Information Technology Subcommittee.

Budget Instructions The Department of Administrative Services is directed to unschedule \$1,914,399 Other Funds, which may only be scheduled based upon the joint approval of the Office of the State Chief Information Officer, Chief Financial Office, and the Legislative Fiscal Office.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|------------------------|---|---|------------------|---|---|---|------------------|----------|-------------|
| LFO Recommended | - | - | 1,914,399 | - | - | - | 1,914,399 | 3 | 3.00 |
|------------------------|---|---|------------------|---|---|---|------------------|----------|-------------|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 104 Technology Maintenance & Enhancements

Package Description This request is for the Information Services Division to make system enhancements to the benefit application "jClarety." The policy package has two components: (a) update software architecture (\$1.77 million); and (b) add system enhancements to the Oregon Public Service Retirement Plan module (\$1.51 million).

The total cost of the package is \$3.281 million in Other Funds in services and supplies expenditures. These are one-time costs, which would be phase-out of the agency's 2017-19 budget.

The revenue to fund the package is from retirement and health trust funds that the agency administers.

LFO Recommendation Approved the policy package as modified by the recommendation of the Joint Committee on Ways and Means - Information Technology Subcommittee. The Information Technology Subcommittee recommended that some amount of expenditure limitation be provided for the planning work needed to complete a detailed assessment of the current jClarety environment, in order to determine its current state and how best to proceed in dealing with the problems identified in POP #104.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---------|---|---|---|---------|---|---|
| LFO Recommended | - | - | 250,000 | - | - | - | 250,000 | - | - |
|-----------------|---|---|---------|---|---|---|---------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 105 Disaster Recovery Infrastructure Upgrade

Package Description This request is for the Information Services Division to further develop the agency's Disaster Recovery (DR) and Business Continuity (BC) information technology infrastructure for the Oregon Retirement Online Information Network (ORION) with the objective of having the system restored within 48 hours of a "localized" catastrophic event. The policy package has three components: (a) development of an off-site or "warm" network and data storage site (\$881,00); (b) implementation of a virtual desktop environment (\$529,700); and (c) implementation of a single sign-on infrastructure (\$170,500).

The total cost of the package is \$1.581 million Other Funds in Services and Supplies and Capital Outlay expenditures. The estimated 2017-09 cost is \$333,200 Other Funds.

The revenue to fund the package is from an administrative expense charged against retirement and health trust funds that the agency administers.

LFO Recommendation Approved the policy package as modified by the recommendation of the Joint Committee on Ways and Means - Information Technology Subcommittee.

Budget Instructions The Department of Administrative Services is directed to unschedule \$1,581,200 Other Funds, which may only be scheduled based upon the joint approval of the Office of the State Chief Information Officer, Chief Financial Office, and the Legislative Fiscal Office.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | 1,581,200 | - | - | - | 1,581,200 | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description Personal service (vacancy savings) and service and supplies expenditures have been adjusted in recognition of the fact that actual expenditures average well below budget authority.

The package reduces personal services by \$145,097 and services and supplies by \$209,979.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | (355,076) | - | - | - | (355,076) | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 803 Supreme Court Decision

Package Description The agency requests additional budget authority to implement the Oregon Supreme Court ruling on SB 822 (2013) and SB 861 (2013 special session).

The package would add \$906,708 Other Funds services and supplies. This is a one-time cost to be phased-out of the agency 2017-19 budget.

The revenue source is from an administrative charge against retirement trust funds.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---------|---|---|---|---------|---|---|
| LFO Recommended | - | - | 906,708 | - | - | - | 906,708 | - | - |
|-----------------|---|---|---------|---|---|---|---------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | 19,459,644 | - | - | - | 19,459,644 | 116 | 115.26 |
| Summary of Base Adjustments | - | - | 19,457 | - | - | - | 19,457 | - | 0.74 |
| 2015-17 Base Budget | - | - | 19,479,101 | - | - | - | 19,479,101 | 116 | 116.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | - | - | 118,017 | - | - | - | 118,017 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | - | - | (98,843) | - | - | - | (98,843) | - | - |
| 030: Inflation & Price List Adjustments | - | - | 17,869 | - | - | - | 17,869 | - | - |
| 060: Technical Adjustments | - | - | 91,544 | - | - | - | 91,544 | - | - |
| 2015-17 Current Service Level | - | - | 19,607,688 | - | - | - | 19,607,688 | 116 | 116.00 |
| Adjusted 2015-17 Current Service Level | - | - | 19,607,688 | - | - | - | 19,607,688 | 116 | 116.00 |
| Total LFO Recommended Packages | - | - | 1,239,404 | - | - | - | 1,239,404 | 11 | 11.00 |
| 2015-17 Legislative Actions | - | - | 20,847,092 | - | - | - | 20,847,092 | 127 | 127.00 |
| Net change from 2013-15 Leg Approved Budget | - | - | 20,847,092 | - | - | - | 20,847,092 | 127 | 127.00 |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | 100.0% |
| Net change from 2015-17 Current Service Level | - | - | 1,239,404 | - | - | - | 1,239,404 | 11 | 11.00 |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 6.3% | 0.0% | 0.0% | 0.0% | 6.3% | 9.5% | 9.5% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 101 Current Service Metrics Staffing Request

Package Description This package would restore four previously limited duration call center staff (4.00 FTE) that were phase-out of the 2015-17 budget to permanent full-time positions. The goal in continuing these Retirement Counselor positions is to maintain favorable service metrics such as call wait times and abandonment rates.

The package adds personal services (\$480,277) and services and supplies (\$24,100) for a total of \$504,377 Other Funds.

The revenue to fund the package is from retirement trust funds that the agency administers.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---------|---|---|---|---------|---|------|
| LFO Recommended | - | - | 504,377 | - | - | - | 504,377 | 4 | 4.00 |
|-----------------|---|---|---------|---|---|---|---------|---|------|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 103 Enhanced Staffing for Data Verification

Package Description This package would expand the data verification team from the current five staff to 20 staff (addition of seven permanent positions and eight limited duration positions for 13.32 FTE). The goal is to reduce the backlog of verification requests and to complete new verification requests within a reasonable time.

The package adds Personal Services (\$1.718 million) and Services and Supplies (\$155,334) for a total of \$1.873 million Other Funds. The estimated cost in the 2017-19 biennium is \$879,696.

The revenue to fund the package is from retirement trust funds that the agency administers.

LFO Recommendation Approved the policy package as modified. Reduce the request to \$956,875 and the establishment of seven position (7.00 FTE). This is the amount included in the Governor's budget and will allow for the elimination in the increases the number of backlog requests and allow for an incremental reduction in the existing backlog.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|---------|---|---|---|---------|---|------|
| LFO Recommended | - | - | 956,875 | - | - | - | 956,875 | 7 | 7.00 |
|-----------------|---|---|---------|---|---|---|---------|---|------|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description Personal service (vacancy savings) and service and supplies expenditures have been adjusted in recognition of the fact that actual expenditures average well below budget authority.

The package reduces personal services by \$206,330 and services and supplies by \$15,518.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | (221,848) | - | - | - | (221,848) | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | - | - | - | - | - | - | - |
| Summary of Base Adjustments | - | - | - | - | - | - | - | - | - |
| 2015-17 Base Budget | - | - | - | - | - | - | - | - | - |
| 2015-17 Current Service Level | - | - | - | - | - | - | - | - | - |
| Adjusted 2015-17 Current Service Level | - | - | - | - | - | - | - | - | - |
| Total LFO Recommended Packages | - | - | (81,440) | - | - | - | (81,440) | - | - |
| 2015-17 Legislative Actions | - | - | (81,440) | - | - | - | (81,440) | - | - |
| Net change from 2013-15 Leg Approved Budget | - | - | (81,440) | - | - | - | (81,440) | - | - |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% |
| Net change from 2015-17 Current Service Level | - | - | (81,440) | - | - | - | (81,440) | - | - |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description Personal service (vacancy savings) and service and supplies expenditures have been adjusted in recognition of the fact that actual expenditures average well below budget authority.

The package reduces personal services by \$49,919 and services and supplies by \$31,521.

LFO Recommendation Approve the policy package.

LFO Analyst Notes HB 5034 (2015)

| | | | | | | | | | |
|-----------------|---|---|----------|---|---|---|----------|---|---|
| LFO Recommended | - | - | (81,440) | - | - | - | (81,440) | - | - |
|-----------------|---|---|----------|---|---|---|----------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | - | - | - | - | - | - | - | - | - |
| 2013-15 Ebds, SS & Admin Act | - | - | - | - | - | - | - | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget (Base) | - | - | 6,959,017 | - | - | - | 6,959,017 | 27 | 27.00 |
| Summary of Base Adjustments | - | - | (145,064) | - | - | - | (145,064) | (1) | (1.00) |
| 2015-17 Base Budget | - | - | 6,813,953 | - | - | - | 6,813,953 | 26 | 26.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | - | - | 29,844 | - | - | - | 29,844 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | - | - | (100,100) | - | - | - | (100,100) | - | - |
| 030: Inflation & Price List Adjustments | - | - | 145,258 | - | - | - | 145,258 | - | - |
| 060: Technical Adjustments | - | - | 3,171 | - | - | - | 3,171 | - | - |
| 2015-17 Current Service Level | - | - | 6,892,126 | - | - | - | 6,892,126 | 26 | 26.00 |
| Adjusted 2015-17 Current Service Level | - | - | 6,892,126 | - | - | - | 6,892,126 | 26 | 26.00 |
| 2015-17 Legislative Actions | - | - | 6,892,126 | - | - | - | 6,892,126 | 26 | 26.00 |
| Net change from 2013-15 Leg Approved Budget | - | - | 6,892,126 | - | - | - | 6,892,126 | 26 | 26.00 |
| Percent change from 2013-15 Leg Approved Budget | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | 100.0% |
| Net change from 2015-17 Current Service Level | - | - | - | - | - | - | - | - | - |
| Percent change from 2015-17 Current Service Level | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

HB 5034-1
(LC 9034)
6/1/15 (TR/ps)

**PROPOSED AMENDMENTS TO
HOUSE BILL 5034**

1 In line 11 of the printed bill, delete "\$94,981,402" and insert
2 "\$94,164,006".

3

Legislatively Proposed 2015-2017 Key Performance Measures

Agency: PUBLIC EMPLOYEES RETIREMENT SYSTEM, OREGON

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

| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2016 | Target 2017 |
|--|-----------------------------|----------------|---------------------|-------------|-------------|
| 1 - TIMELY RETIREMENT PAYMENTS: Percent of initial service retirements paid within 45 days from retirement date. | | Approved KPM | 70.00 | 80.00 | 80.00 |
| 2 - TOTAL BENEFIT ADMIN COSTS: Total benefit administration costs per member. | | Approved KPM | 125.00 | 135.00 | 135.00 |
| 3 - MEMBER TO STAFF RATIO: Ratio of members to FTE staff. | | Approved KPM | 995.00 | 985.00 | 985.00 |
| 4 - ACCURATE BENEFIT CALCULATIONS: Percent of service retirement monthly benefits accurately calculated to within \$5 per month. | | Approved KPM | 98.00 | 100.00 | 100.00 |
| 5 - LEVEL OF PARTICIPATION: Percent of state employees participating in the deferred compensation program. | | Approved KPM | 35.00 | 38.00 | 38.00 |
| 6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Accuracy | Approved KPM | 91.00 | 95.00 | 95.00 |
| 6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Availability of Information | Approved KPM | 88.00 | 95.00 | 95.00 |
| 6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Expertise | Approved KPM | 91.00 | 95.00 | 95.00 |
| 6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Helpfulness | Approved KPM | 91.00 | 95.00 | 95.00 |

Agency: PUBLIC EMPLOYEES RETIREMENT SYSTEM, OREGON

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

| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2016 | Target 2017 |
|--|---------------------------|----------------|---------------------|-------------|-------------|
| 6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Overall | Approved KPM | 90.00 | 95.00 | 95.00 |
| 6 - CUSTOMER SERVICE- Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Timeliness | Approved KPM | 92.00 | 95.00 | 95.00 |
| 7 - TIMELY BENEFIT ESTIMATES: Percent of benefit estimates processed within 30 days. | | Approved KPM | 72.00 | 95.00 | 95.00 |
| 8 - BOARD OF DIRECTORS BEST PRACTICES: Percent of total best practices criteria met by the PERS board. | | Approved KPM | 100.00 | | |

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the agency's key performance measures and targets.

Sub-Committee Action:

MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807



To: General Government Subcommittee
Joint Committee on Ways and Means

From: Information Technology Subcommittee
Joint Committee on Ways and Means

Date: May 28, 2015

Subject: Public Employees Retirement System: HB 5034 – POP #102
LFO Recommendations

The Information Technology Subcommittee recommends incremental, conditional approval of Policy Option Package #102 - Individual Account Program (IAP), assuming the funding and personnel resources are made available to PERS within the 2015-17 adopted budget. Additionally, it is recommended that the entire expenditure limitation be unscheduled by the Department of Administrative Services (DAS), and the Public Employees Retirement System (PERS) be required to request Office of the State Chief Information Officer (OSCIO), Chief Financial Office (CFO), and Legislative Fiscal Office (LFO) approval, that a portion, or all of the remaining unscheduled expenditure limitation, be rescheduled for the agency to use to initiate and complete project execution activities. The Information Technology Subcommittee recommends that PERS:

- Clearly document the actual status of the IAP Project Phases I and II, including deliverables completed, how much has been spent to date of the legislatively approved \$1,018,750 in expenditure limitation, and what corresponding value was received for these expenditures.
- Provide a clear written assessment of the impacts of the recent Supreme Court ruling on PERS's ability to simultaneously do work on POP #102 and the work that is needed to address the impacts of the recent court rulings. Include in this assessment a detailed plan and explanation of how PERS can simultaneously support all of work that is on its "platter" for the 2015-17 biennium and complete all the remaining IAP Project work by the revised January 1, 2018 deadline.
- Clearly document progress on the outstanding stage gate #2 and #3 foundational documentation on the IAP Project, and develop a detailed plan and schedule for remediating all deficiencies. Provide all key documents to the OSCIO, LFO, and to the Quality Assurance (QA) vendor (for quality reviews, which must be completed prior to the OSCIO's stage gate #3 endorsement).
- Regularly report to OSCIO and LFO on the progress on the foundational documentation "deficiency remediation plan." If adequate progress is not observed by both the OSCIO and LFO, PERS may be requested to report to interim legislative committees.
- If the Legislature recommends that a jClarety "system health assessment" and related "needs assessment" be conducted by PERS as part of the recommendation for POP #104 –

Technology Maintenance and Enhancement Project, PERS should evaluate any proposed go-forward strategy for POP #102, given the results of these assessments and the possibility that jClarety may be totally replaced in the foreseeable future.

- PERS should provide the OSCIO, LFO, and the Legislature with the results of the impacts of the Supreme Court ruling on POP #102 and any assessments that are completed on the viability of jClarety. PERS should include a go-forward recommendation and plan for POP #102 as part of any go forward and controlled funding release decisions on POP #102.
- Work with the OSCIO and LFO to finalize a corresponding incremental funding release plan that is based upon completing all remaining foundational documentation deficiencies and stage gate #2 and #3 requirements.
- Regularly (at least monthly) report project status to the OSCIO and LFO throughout the project's lifecycle.
- Continue to follow the Joint State CIO/LFO Stage Gate Review Process.
- Hire, appoint, or contract for a qualified project manager with experience in planning and managing programs and projects of this type, scope, and magnitude.
- Work with the OSCIO to retain independent quality management services throughout the life of the project. The contractor shall:
 - Conduct an initial risk assessment and respond to PERS feedback.
 - Perform quality control reviews on the key IAP Project deliverables including the business case, individual cost benefit/alternatives analysis documents, and foundational project management documents as appropriate.
 - Perform ongoing, independent quality management services as directed by the OSCIO.
- Provide both the OSCIO and LFO with copies of all QA vendor deliverables.
- Submit the updated detailed business case, all project management documents, initial risk assessment, and quality control reviews to the OSCIO and LFO for stage gate review.
- Work with OSCIO and LFO to conduct a formal readiness/ability assessment at stage gate #3 to validate readiness and ability to proceed on Phase III. Legislative approval to proceed with the IAP Project will be dependent upon OSCIO and LFO concurrence that PERS is both ready and able to initiate project execution activities.
- Complete a formal "project close out" report upon completion of all projects.
- Utilize the OSCIO's Enterprise Project and Portfolio Management (PPM) System as it is deployed for all project review, approval, and project status and QA reporting activities throughout the life of the project.

MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807



To: General Government Subcommittee
Joint Committee on Ways and Means

From: Information Technology Subcommittee
Joint Committee on Ways and Means

Date: May 28, 2015

Subject: Public Employees Retirement System: HB 5034 – POP #104
LFO Recommendations

The Information Technology Subcommittee recommends that the funding for Policy Option Package #104 - Technology Maintenance and Enhancements Project - in HB 5034, not be approved. In addition, the Information Technology Subcommittee recommends that some amount of expenditure limitation be provided for the planning work needed to complete a detailed assessment of the current jClarety environment, in order to determine its current state and how best to proceed in dealing with the problems identified in POP #104. Specifically the Information Technology Subcommittee recommends that PERS:

- Conduct a “system health assessment” and “needs assessment” via an independent private sector vendor, highly experienced in state retirement systems, to determine the true status of the current jClarety application system “environment,” including its level of technical obsolescence, and its current systems capabilities versus critical PERS customer needs.
- Depending upon the findings of the “system health and needs assessments,” if it is determined that the current jClarety system is so unable to meet PERS needs that either significant funds must be spent to upgrade it, or even replace it, then PERS must have a robust business case and options analysis developed by a independent private sector vendor (again, highly experienced in state retirement systems), to determine the best options for proceeding.
- The “results” of the health assessment, the needs assessment, any business case/options analysis, and associated go-forward plans that are produced should be provided by PERS to the Legislature in the 2016 session.

MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807



To: General Government Subcommittee
Joint Committee on Ways and Means

From: Information Technology Subcommittee
Joint Committee on Ways and Means

Date: May 28, 2015

Subject: Public Employees Retirement System: HB 5034 – POP #105
LFO Recommendations

The Information Technology Subcommittee recommends incremental, conditional approval of Policy Option Package #105 - Disaster Recovery Infrastructure Upgrade Project, assuming the funding and personnel resources are made available to PERS within the 2015-17 adopted budget. It is further recommended that the entire expenditure limitation be unscheduled by the Department of Administrative Services (DAS), and the Public Employees Retirement System be required to request the Office of the State Chief Information Officer (OSCIO), Chief Financial Office (CFO), and LFO approval, that a portion, or all of the remaining unscheduled expenditure limitation, be rescheduled for the agency to use to initiate and complete project execution activities. Specifically, the Information Technology Subcommittee recommends that PERS:

- Immediately increase the offsite storage frequency of PERS “disaster recovery tapes,” from once weekly to daily, to immediately mitigate this obvious and unnecessary risk.
- Conduct a detailed risk assessment of the current state of PERS’s disaster recovery and business continuity environment (including the status of the current “disaster recovery and business continuity plans”). Include a detailed priority analysis and list of the key DR/BCP-related problems and risk areas that are identified within the assessment. Develop an action plan based upon this risk assessment. Review the findings of this assessment with both the OSCIO and LFO.
- Provide both the OSCIO and LFO with an analysis of the PERS 2015-17 information technology workload, clearly showing how this project can be timely completed, given the magnitude of what is already on PERS’s “platter” for the 2015-17 biennium.
- Provide both the OSCIO and LFO with a prioritized go-forward plan (including the justification for each priority) that would allow the more critical elements of this project to be the focus of initial PERS efforts, with less critical elements being delayed later in the 2015-17 biennium.
- Early in the project, work with the OSCIO and LFO to determine which elements of the Joint State CIO/LFO Stage Gate Review Process will be followed for a project of this type, including what key deliverables will be required.

- Work with OSCIO and LFO to finalize a corresponding incremental funding release plan that is based upon a prioritized implementation plan for each of the prioritized three key components of POP #105.
- Work closely with and regularly report project status to the OSCIO and LFO throughout all elements of the project's lifecycle.
- Utilize a qualified project manager with experience in planning and managing programs and projects of this type, scope, and magnitude.
- Develop appropriate foundational project management documents, and provide all key documents to the QA vendor for quality control reviews.
- Work with the OSCIO to obtain independent quality management services. The contractor shall:
 - Conduct an initial risk assessment.
 - Perform quality control reviews on the key project deliverables including the business case, individual cost benefit/alternatives analysis documents, and foundational project management documents as appropriate.
 - Perform ongoing, independent quality management services as directed by the OSCIO.
- Submit all key project documents, the initial risk assessment, and quality control reviews to the OSCIO and LFO.
- Regularly report to the OSCIO and LFO on project progress and on the development of key project documentation.
- Utilize the OSCIO's Enterprise Project and Portfolio Management (PPM) system as it is deployed for all project review, approval, and project status and QA reporting activities throughout the life of the project.

House Bill 5034

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Limits certain biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by Public Employees Retirement System.
Authorizes specified nonlimited expenditures.
Declares emergency, effective July 1, 2015.

A BILL FOR AN ACT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

Relating to the financial administration of the Public Employees Retirement System; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2015, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Public Employees Retirement System, for the following purposes:

- (1) **Administrative and operating expenses..... \$ 94,981,402**
- (2) **Debt service..... \$ 1,290,750**

SECTION 2. For the biennium beginning July 1, 2015, expenditures by the Public Employees Retirement System for refunds, retirement benefits, deferred compensation and individual account program payments, health insurance premiums, health insurance premium subsidies, third party administrator costs for health and individual account programs and Public Employee Benefit Equalization Fund payments are not limited.

SECTION 3. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect July 1, 2015.

Note: For budget, see 2015-2017 Biennial Budget

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.