

## SB 75 STAFF MEASURE SUMMARY

### Senate Committee On Workforce

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**Action Date:** 03/07/19

**Action:** Do pass and requesting referral to Ways and Means.

**Vote:** 5-0-0-0

**Yeas:** 5 - Golden, Hansell, Knopp, Monnes Anderson, Taylor

**Fiscal:** No fiscal impact

**Revenue:** No revenue impact

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**Meeting Dates:** 2/26, 3/7

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#### WHAT THE MEASURE DOES:

Provides that interest earned by the Employer Incentive Fund (EIF) may be used to match employer's lump sum payments made to a Public Employees Retirement System (PERS) side account. Changes qualifications for lump sum payments that may be matched. Authorizes the PERS Board to accept qualifying applications in order received for ninety days and creates a waiting list thereafter. Repeals the Unfunded Actuarial Liability Resolution Program (UALRP) on January 2, 2025. Clarifies dates for actions required of Department of Revenue. Limits PERS provision of technical expertise required by the UALRP to employers who have applied to reserve matching amounts from EIF. Declares emergency, effective on passage.

#### ISSUES DISCUSSED:

- Expected use of EIF
- Order of priority for wait list
- PERS Board's intent to match full 25 percent

#### EFFECT OF AMENDMENT:

No amendment.

#### BACKGROUND:

In 2018, the Oregon Legislative Assembly passed Senate Bill 1566 to create the Employer Incentive Fund (EIF) for the purpose of encouraging public employers to make extra one-time contributions to the Public Employee Retirement System (PERS). The PERS Board has authority to match those extra contributions by 25 cents on the dollar with the moneys going into individual employers' side accounts to be invested alongside existing pension assets and gradually drawn down to reduce those employers' contributions. Currently, the interest accrued by the EIF may not be used by PERS to match employer contributions. Senate Bill 75 allows PERS to use EIF interest to match employer contributions.

Based on a preliminary survey, PERS anticipates employer demand for EIF matching funds will exceed the Funds projected size. Currently, PERS may only begin accepting applications upon determining there are sufficient moneys in EIF. For the first six months, only employers whose unfunded actuarial liability is more than 200 percent of the employer's payroll may apply. For the next six months, all other employers may apply. Applications are approved in the order received.

Senate Bill 75 allows PERS to begin immediately accepting applications without a determination of fund sufficiency; shortens the one-time open application periods from six months to 90 days; and allows PERS to establish a waiting list based on the order in which applications are received and approved. Senate Bill 75 also shortens the time period from July 1, 2023, to September 30, 2021, for employers to make qualified lump sum deposits to be eligible for matching funds.

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Currently, any employer may participate in the Unfunded Actuarial Liability Resolution Program (UALRP) and receive technical assistance from PERS as a result. Senate Bill 75 limits employer participation in UALRP to those employers applying to reserve matching amounts from EIF within the open application period. Senate Bill 75 also sunsets the UALRP on January 2, 2025, to coincide with the existing sunset of the EIF.