



Oregon

Kate Brown, Governor

Department of Administrative Services

Enterprise Information Services

155 Cottage St NE, 4th Floor

Salem, OR 97301

PHONE: 503-378-3175

FAX: 503-378-3795

MEMORANDUM

To: Terrence Woods, State Chief Information Officer (State CIO)
From: Ed Arabas, Lead Oversight Analyst
Date: January 27, 2020
Subject: Oregon Public Employees Retirement System Senate Bill 1049 Implementation Program Salary Limit Sub-Project Non-Stage Gate conditional approval

BACKGROUND

Senate Bill 1049 (SB 1049) is comprehensive legislation intended to address the increasing cost of funding Oregon's Public Employees Retirement System (PERS), to reduce the system's Unfunded Actuarial Liability (UAL) obligations, and to provide relief to escalating contribution rate increases for public employers. The "Salary Limit" section of SB 1049 limits the amount of subject salary for all program members to \$195,000 for calendar year 2020 and provides for annual adjustments for inflation based on the federal Consumer Price Index (CPI). This is a limit on salary for all retirement plan purposes, including contributions and final average salary, but it is not a salary cap.

All SB 1049 sub-projects are subject to project management plans developed at the SB 1049 Program level. Most of the required component plans have been created and approved, with one notable omission (quality management plan). Specific to the Salary Limit sub-project, PERS has submitted the following:

- (1) Salary Limit Project Charter
- (2) Salary Limit Business Case
- (3) Salary Limit Detailed Project Schedule

DISCUSSION

In order to create a minimum viable solution for the Salary Limit section of SB 1049 before January 1, 2020, PERS began execution activities in early December. As noted in the Project Charter, the minimum viable solution was developed, tested, and put into production on Dec. 19, 2019. Three additional work packages are anticipated, with a full-solution completion date of September 30, 2020. The budget for the Salary Limit sub-project is approximately \$1.02 million.

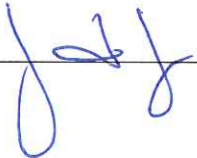
RECOMMENDATION

Approve the Senate Bill 1049 Implementation Program Salary Limit Sub-Project to move fully into execution, with the following conditions:

- (1) As a component of the SB 1049 Implementation Program, independent Quality Management Services (iQMS) are required for the Salary Limit sub-project;
- (2) PERS must continue to submit regular status reports concerning the SB 1049 Implementation Program and the Salary Limit sub-project into the PPM tool;

- (3) PERS must expedite completion of any remaining program-level planning artifacts, with full completion by February 7, 2020; and
- (4) If the estimated budget or schedule for the Salary Limit sub-project changes by +/- 10% (from \$1.02 million to \$1.12 million, for example, or from September 30, 2020 to after October 31, 2020), or if there is substantial increase or decrease to the project scope, PERS must update and resubmit the business case and other relevant project artifacts to EIS for review and re-approval.

Analysis prepared by: Edward P. Auster, II Date: 1/27/2020

Analysis approved by:  Date: 1/27/2020