



Oregon

Kate Brown, Governor

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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 Work After Retirement 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 Work After Retirement (WAR) section of SB 1049 takes effect on January 1, 2020 and allows most retirees to work unlimited hours for PERS participating employers in calendar years 2020-2024 while retaining their retirement benefit. It requires employers to pay employer contributions on retirees' salary during that period. The rate that PERS will charge the employer will be the same as if the retiree remained an active member, and those contributions are to be applied against the liabilities of the public employer.

The short implementation timeline requires the agency to develop both short- and long-term plans to adjust the processes and existing technology infrastructure of the retirement system. A short-term minimum viable solution focuses on leveraging tools and manual processes to ensure compliance with the statute in the mandated timeframe. The long-term WAR solution will introduce automated technological changes that will eliminate as many manual processes as possible.

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 WAR sub-project, PERS has submitted the following:

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

DISCUSSION

In order to create a minimum viable project solution for the Work After Retirement component of SB 1049 before January 1, 2020, PERS began execution activities in early December. As noted in the Project Charter, the MVP was developed, tested, and put into production on Dec. 19, 2019. Additional work packages are anticipated, with a full-solution completion date of October 1, 2021. The cost of the WAR sub-project is approximately \$2.03 million.

RECOMMENDATION

Approve the Senate Bill 1049 Implementation Program Work After Retirement Project to move to execution, with the following conditions:

- (1) As a component of the SB 1049 Implementation Program, independent Quality Management Services (iQMS) are required for the Work After Retirement sub-project;
- (2) PERS must continue to submit regular status reports concerning the SB 1049 Implementation Program and the Work After Retirement 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 Work After Retirement sub-project changes by +/- 10% (from \$2.03 million to \$2.23 million, for example, or from October 1, 2021 to after December 1, 2021), or if there is substantial increase or decrease to the project scope, PERS must update and resubmit the WAR business case and other relevant project artifacts to EIS for review and re-approval.

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

Analysis approved by: [Signature] Date: 1/27/2020