OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM
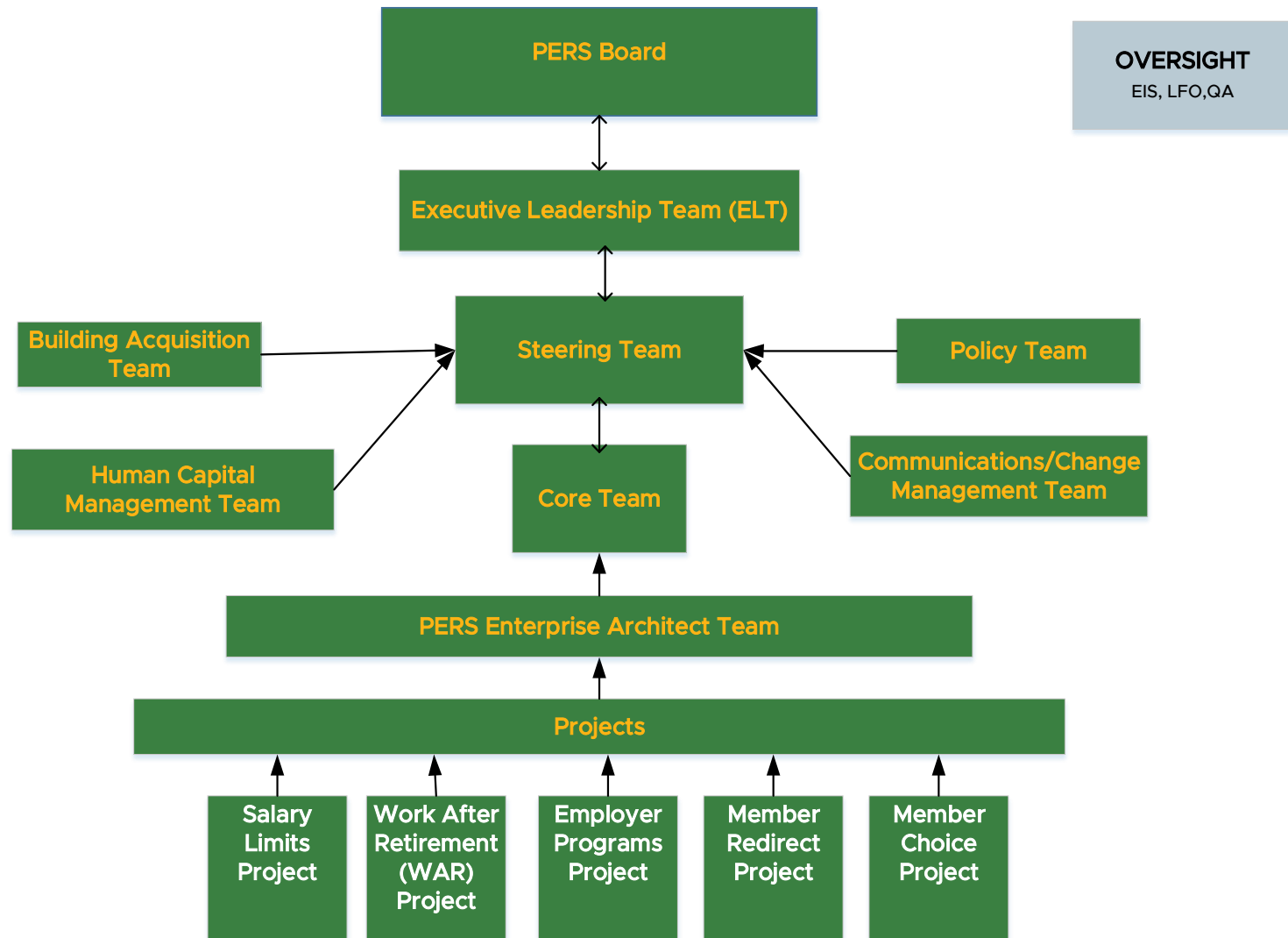
House Bill 5032
Budget Note Report
(SB 1049 Implementation)

Joint Legislative
Committee on
Information Management
and Technology

Kevin Olineck,
Director
February 19, 2020

PERS: SB 1049 Program Governance Structure

PERS Board

Executive Leadership Team (ELT)

OVERSIGHT
EIS, LFO, QA

Building Acquisition Team

Steering Team

Policy Team

Human Capital Management Team

Core Team

Communications/Change Management Team

PERS Enterprise Architect Team

Projects

Salary Limits Project

Work After Retirement (WAR) Project

Employer Programs Project

Member Redirect Project

Member Choice Project

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PERS: SB 1049 Program Operating Principles

- Maintain current stable, albeit complex, computing environment (ORION) to maximize in-house knowledge and expertise – address technical debt on a case-by-case basis

- Mitigate impact to more than 900 Employers by minimizing changes to current employer data exchange file format

- Prioritize communications to Members & Employers

- Avoid/minimize future clean-up activities for PERS staff, to the greatest extent possible

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PERS: SB 1049 – Five Projects in One Program

- **Employer Programs** – A $100M GF appropriation into the Employer Incentive Fund (EIF) encouraged employers to set up, or make new contributions to, side accounts used to offset future contribution payments. Formalize Unfunded Actuarial Liability Resolution Program.
- **Salary Limits** – This provision limits the amount of subject salary used in benefit calculations for all program members. Beginning in 2020, the limit is $195,000.
- **Work After Retirement** – Provisions allow PERS retirees to work unlimited hours for PERS-participating employers in calendar years 2020-2024 without losing their pension benefit. Employers are required to pay the contribution rate on retiree salary as if they were an active member.
- **Member Redirect** – Beginning July 1, 2020, a portion of member contributions (6% of salary) will be directed to a new Employee Pension Stability Account (EPSA) to be used for future pension payments.
- **Member Choice** – As of January 1, 2021, investment of member IAP accounts may be directed by members to a Target Date Fund other than one based on their birth year.

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PERS: SB 1049 Project Roadmap

	2019						2020												2021								
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT

Employer Programs
- 7/1/19 – Effective Date
- 9/3/19 – EIF Application #1 Opens
- 12/3/19 – EIF Application #2 Opens
- 6/30/20 – Employer Rate Tool RFP Awarded
- 8/31/20 – UALRP Launch
- 9/3/20 – EIF Application Closes
- 9/4/20 – Project Close

Salary Limits
- 12/31/19 – WP1 Short Term
- 1/1/20 – Effective Date
- 1/24/20 – WP2 (Post 2020 Salary Limit) Long Term
- 5/15/20 – WP3 (User Screens) Long Term
- 9/30/20 – WP4 (Proration in jClarety) Long Term
- 9/30/20 – Project Close

Work After Retirement
- 12/19/19 – WP1 (Retiree Wages Suspended)
- 1/1/20 – Effective Date
- 9/30/20 – WP2 (New Service Retiree Wage Codes) Long Term
- 5/12/21 – WP3 (Correct Member Account at Sunset) Long Term
- 10/1/21 – Project Close

Member Redirect
- 12/31/19 – Functional Design Documentation Short (D1.3) Long (D1.6)
- 5/28/20 – WP1A (EPSA Set Up) Short Term
- 5/28/20 – WP1D (G/L Set Up) Short Term
- 6/3/20 – WP1B (IAP Redirect) Short Term
- 7/1/20 – Effective Date
- 9/30/20 – WP1C (Voluntary Contributions Implemented)
- Functionality Long Term Implemented (TBD)
- 6/30/21 – Project Close

Member Choice
- 10/23/19 – Project Kick Off
- 4/1/20 – Member Communication-IAP Changes
- 5/1/20 – MAS Flyer Communication
- 8/14/20 – Member Choice Notification
- 8/14/20 – OMS Changes Deployed
- 9/1-30/20 – Election Period
- 1/1/21 – Effective Date
- 1/17/21 – Report changes to Voya
- 3/31/21 – Data prepared for MAS
- 5/1/21 – MC reflected in MAS

Revised: February 10, 2020

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PERS: SB 1049 Program & Project Highlights

Overall Program
- Governance and Oversight models in place
- Continued progress on program and project gating approvals
- iQMS vendor selected and initial risk assessment completed
- Critical internal resources in place
- Majority of external resources procured

Employer Programs – Effective July 1, 2019
- First Employer Incentive Fund (EIF) application window very successful with full match of $100M General Fund appropriation
  - $100M match will generate new side accounts exceeding $415M with an additional $38M in transition liabilities paid off
  - 40 employers on waiting list with an $80M of side accounts to be established if additional $19.5M in EIF was available
- Employers wanting variable start dates and/or amortization schedules also established $107M in non-matching side accounts
- Request For Information (RFI) for new actuarial tool completed
- Employer group formed to assist in development of UAL Resolution Program (UALRP) including how to approach building out a funding plan

PERS: SB 1049 Program & Project Highlights

Salary Limits – Effective January 1, 2020
- First work package implemented January 1, 2020
- Second work package implemented January 24, 2020
- Full system functionality in place by September 30, 2020

Work After Retirement – Effective January 1, 2020
- First work package January 1, 2020
- Full system functionality in place to accept employer contributions by September 30, 2020

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PERS: SB 1049 Program & Project Highlights

Member Redirect – Effective July 1, 2020
- Employee Pension Stability Account (EPSA) and IAP redirect capabilities will be implemented by effective date
- Voluntary Contribution solution to be implemented by September 30, 2020 – will allow for back-dated contributions to July 1, 2020
- Long-term Solution (back-end calculations, etc.) still being worked on – implementation may extend beyond current biennium

Member Choice – Effective January 1, 2021
- Solutions identified and communications plan approved
- Solutions will be in place to facilitate member choice by effective date

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PERS: SB 1049 Program Budget – By Appropriation

as of December 31, 2019

Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2019-21 LAB	Variance
Personal Services	37,393	4,852,068	4,889,461	5,646,497	757,036
Services & Supplies	872,386	31,121,164	31,993,550	33,413,217	1,419,667
Capital Outlay	115,434		115,434		(115,434)
Total	1,025,212	35,973,232	36,998,445	39,059,714	2,061,269

EXPENDITURES BY PACKAGE

802- PROJECT MANAGEMENT & ADMIN	803- QUALITY ASSURANCE AND TESTING	804- INFO TECHNOLOGY APPLICATIONS	805- OPERATIONAL IMPLEMENTATION	806- CONTINGENCY RESERVE
$144,900	$0	$510,733	$369,579	$0

PERS: SB 1049 Program Budget – By Project

as of December 31, 2019

EXPENDITURES BY PROJECT

Project	Amount
GENERAL OVERHEAD	$659,881
SALARY LIMITS PROJECT	$9,133
WORK AFTER RETIREMENT PROJECT	$120,425
MEMBER REDIRECT PROJECT	$217,315
EMPLOYER PROGRAMS PROJECT	$9,421
MEMBER CHOICE PROJECT	$9,037
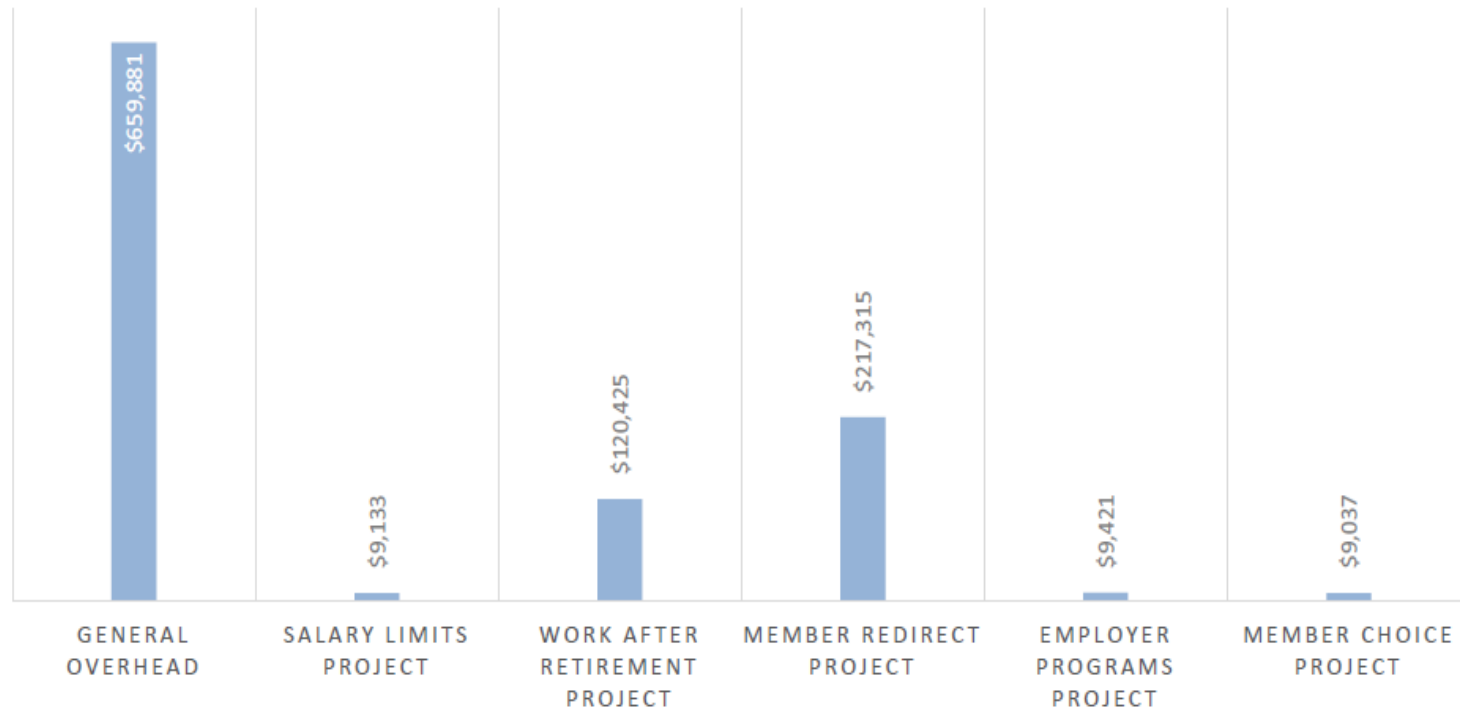
PERS: SB 1049 Internal Resource Draw

as of December 31, 2019

SB1049 Internal Resource Hours
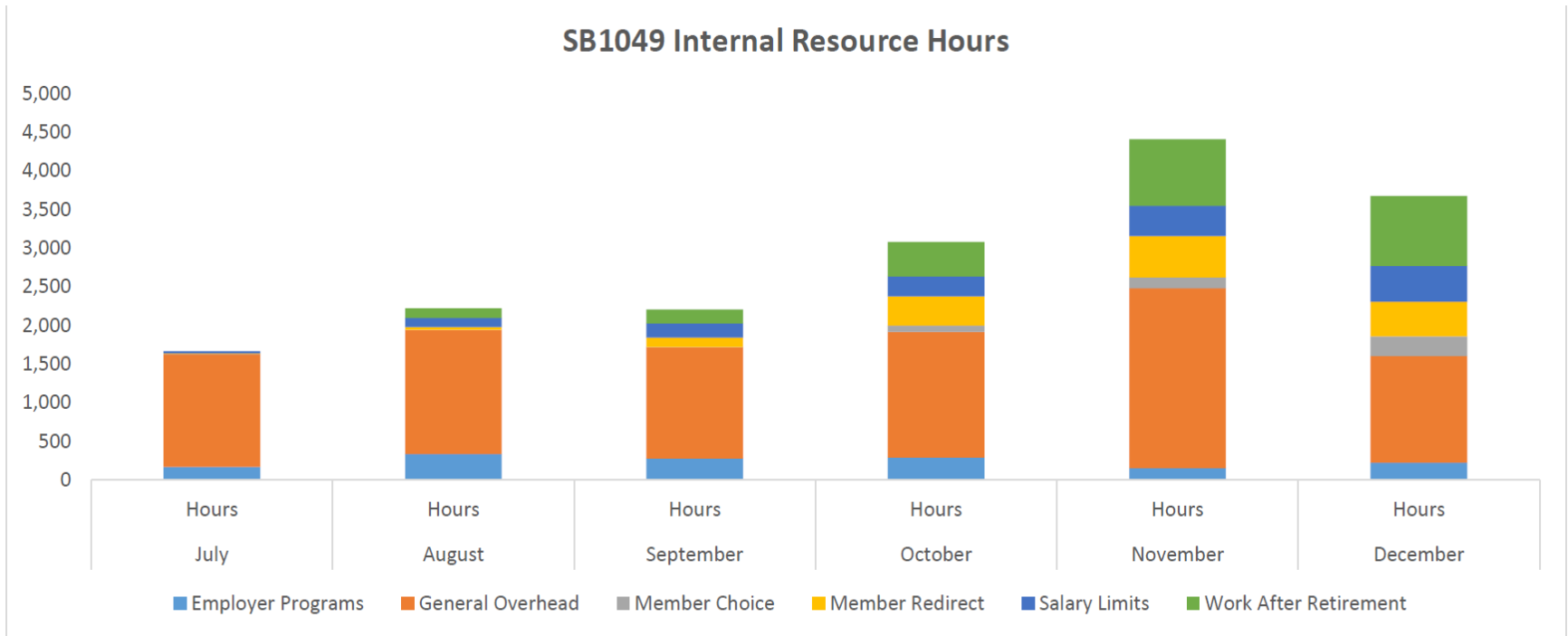
Total Hours through December 31: 17,240

PAYROLL COSTS: $1,128,739

PERS: SB 1049 Communications Efforts

Find the latest information:

https://www.oregon.gov/pers/EMP/Pages/SB1049.aspx

Sign up for GovDelivery: "Senate Bill 1049 Information"

Questions?

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Thank You

Kevin Olineck, Director

www.oregon.gov/pers

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