OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Program information:

Program start: July 1, 2019 | **Program end:** June 19, 2024

Subprojects:

Project 1: Employer Programs
- Project start: July 1, 2019 | Project end: July 16, 2021
- Project status: **Complete**

Project 2: Work After Retirement (WAR)
- Project start: July 1, 2019 | Project end: February 28, 2022
- Project status: Green

Project 3: Salary Limit
- Project start: July 1, 2019 | Project end: May 28, 2021
- Project status: **Complete**

Program statement:

SB 1049 is comprehensive legislation intended to address the increasing cost of funding Oregon's Public Employees Retirement System (PERS), reduce system Unfunded Actuarial Liability (UAL) obligations, and provide relief to escalating contribution rate increases for public employers. Implementation will occur across five subprojects.

Project 4: Member Redirect
- Project start: July 1, 2019 | Project end: April 25, 2024
- Project status: Green

Project 5: Member Choice
- Project start: October 23, 2019 | Project end: August 4, 2021
- Project status: **Complete**

Project 6: Technical Debt
- Project start: June 22, 2021 | Project end: August 31, 2022
- Project status: Green

For details regarding individual project status, please refer to the respective project section(s) below.

Overall program status: Yellow

The program status continues to be yellow. Member Redirect has activities that continue into the 2023-2025 biennium, and that budget has neither been requested nor approved. In addition, the Cross Project Effort (CPE) is red due to a delay to the design of the WP6 IAP Balance Comparison Tool.

The Member Redirect, WAR and Technical Debt projects all continue to progress on schedule, and all three projects are in a green status. User Acceptance Testing for WAR WP4 Side Account plus Defect Remedy successfully completed one week early and was deployed to production on 12/16/2021. This is the final work package for WAR, and project closure activities have begun.

The SB 1049 Steering Team has approved two new change requests to be included in the SB 1049 Technical Debt scope: One for Benefit Account Status Transition and the other to address General Ledger and Side Account Reversals. Detailed planning for this new scope is in process. As a reminder, the addition of these or any other future work packages is likely to extend the current end date of the SB 1049 Technical Debt project. This is both planned and expected.

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Budget health: <mark>Yellow</mark>

Work is planned for Member Redirect beyond the 2021-2023 biennium, but that budget has not been requested/approved yet.

29560- SB 1049 Implementation Program by Project

Other Funds Lmt	21-23 Budget	Actual to Date	Projections	21-23 Total	Variance
Work After Retirement	$ 1,127,741	$ 275,545	$ 656,007	$ 931,552	$ 196,189
Member Redirect	$ 18,896,315	$ 3,648,102	$ 9,123,199	$ 12,771,301	$ 6,125,014
Technical Debt	$ 2,790,741	$ 196,440	$ 658,580	$ 855,020	$ 1,935,721
				$ -	$ -
Total	$ 22,814,797	$ 4,120,086	$ 10,437,787	$ 14,557,873	$ 8,256,924

29560- SB 1049 Implementation Program by POP

Other Funds Lmt	21-23 Budget	Actual to Date	Projections	21-23 Total	Variance
Project Management & Admin	$ 2,044,800	$ 333,288	$ 1,298,712	$ 1,632,000	$ 412,800
Quality Assurance and Testing	$ 812,500	$ 55,750	$ 868,250	$ 924,000	$ (111,500)
Info Technology Applications	$ 13,337,000	$ 2,604,741	$ 3,383,294	$ 5,988,035	$ 7,348,965
Operational Implementation	$ 6,620,497	$ 1,126,307	$ 4,887,531	$ 6,013,838	$ 606,659
Total	$ 22,814,797	$ 4,120,086	$ 10,437,787	$ 14,557,873	$ 8,256,924

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Schedule health: <mark>Yellow</mark>

There is one Cross Project Effort work package whose design is delayed due to the complexity of the requirements and due to resource contention with the M365 project (external to SB 1049). No major business impact is expected from this delay. Otherwise, all projects have a schedule health of green and are on track to deliver required functionality according to their schedules.

Scope health: <mark>Green</mark>

The program and project scope is understood and has been incorporated into program-level plans and schedules.

Quality Assurance activities:
- iQMS Deliverable 3.3.7 Periodic Quality Status Report started on 9/30/2021, completed 12/13/2021.
- iQMS Deliverable 4.1.8 Quarterly QA Status and Improvement Report started 12/6/2021, due date TBD.
- iQMS Deliverable 2.6.1 starts on 1/4/2022, due date TBD.
- Amendment is in process to extend the iQMS contract with Gartner from 12/31/2021 to 6/30/2023.

Emerging concerns/needs/impacts:
- Resource allocation analysis across SB 1049 and non-SB 1049 work continues. Results indicate there are SB 1049 resource concerns in the mid-2022 timeframe that need to be resolved for Product Owners, Associate Product Owners, and Subject Matter Experts. Activities are in process to address and mitigate these concerns.
- Lack of Project Portfolio Management across multiple PERS projects running concurrent with SB 1049 is putting SB 1049 resources and schedule at some risk. The SB 1049 program is actively identifying, documenting, and proactively mitigating this risk to minimize potential impacts to SB 1049.
- The Production Data Center Migration (PDCM) project will be ramping back up in early 2022 and overlaps with ongoing SB 1049 activities, potentially impacting technical and staff resources and causing delays to SB 1049 activities.

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Program Risks and Mitigation

Listed below are the most critical risks for this project.
For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: SB 1049 Program Weekly Status Report

#	Risk Description	Mitigation and/or Contingency Plan	Notes
81	**Technology Risk:** Complexity and fragility of jClarety system.	➢ Some or all of the SB 1049 projects may require attention to fixing technical debt or finding appropriate work arounds.	
39	**Critical Resources Allocated to non-SB 1049 Work:** Critical SB 1049 resources are allocated to non-SB 1049 work, impacting availability for SB 1049 work and causing schedule delays.	➢ Assess project and resource plans for any new work effort to determine impact to SB 1049 ➢ Proactively manage any identified resource constraints and work with managers to mitigate SB 1049 impact.	Non-SB 1049 work efforts include, but are not limited to: • M365 • W-4 Tax Form Project • Maintenance and Enhancements • Modernization
63	**Lack of Project Portfolio Management:** Lacking a comprehensive project portfolio tool hampers our ability to confidently prepare and assign resources.	➢ SB 1049 Program resource allocations are regularly reviewed. The Project Management Office has also commenced regular meetings to evaluate resource enterprise impacts of projects in the agency portfolio.	

Program Issues and Action Plans

Listed below are the most critical issues for this project.
For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: SB 1049 Program Weekly Status Report

No	Issue	Resolution / Notes	Estimated Resolution Date
20	**Internal Staffing:** Resource shifting, competing priorities, or over allocation impact the availability of dedicated project resources	➢ Technical resources were diverted from CPE WP6 IAP Balance Comparison Tool to address critical M365 issues, causing delays to WP6. Staff has returned to work on WP6 and is currently on-track to complete their 12/16/2021 commitments.	12/31/2021

SB 1049 Implementation Program

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Program information: Cross Project Effort

Start: May 28, 2020 **| End:** TBD
Project Manager: Susan K. Mundell

Cross Project Effort objective:

The Cross Project Effort is focused on technical tools, and extracts that are used across multiple SB 1049 projects. Originally, these efforts were included as Work Packages within the individually impacted projects. The scope of this effort has not changed, but the work has been restructured to ensure it receives an appropriate level of coordination and ensure the success of the necessary inter-project integrations.

Overall status: **RED**

Narrative: Cross Project Effort (CPE) will continue to be red until the technical review is complete for Work Package 6 (WP6): Individual Account Program (IAP) Balance Comparison tool. The WP6 technical team has developed a draft System Requirements Specification and a Flow/User Interface Specification, which is now in review with the Product Owners. These technical requirements are scheduled for completion on 12/27/2021. WP6 has 3 dependent activities that include a jClarety IAP Out of Balance Freeze Flag and two reports from Voya (PERS Third Party Administrator). The IAP Out of Balance Freeze Flag deployed on 12/16/2021. The two reports are being added to PERS Central Data Management warehouse and are planned to be in place before development of the tool begins on 12/29/2021. WP5.2: PYE Invoicing tool elaboration is in progress with the Business Requirements Document due on 3/18/2022. The updated CPE draft schedule is in Quality Check Point review and should be baselined by 12/20/2021.

Schedule Deliverables and Milestones

Milestones Schedule				
Milestone	**Percent Complete**	**Baseline Finish Date**	**Actual / Forecast Finish Date***	**Status/ Notes**
WP6: jClarety IAP Out of Balance Freeze Flag	100%	12/16/2021	12/16/2021	
WP3: IAP Divorce Tool Deployed	0%	2/22/2022	2/22/2022	
WP5.2: Prior Year Earnings Invoice Tool Deployed	0%		5/20/2022	
WP4.2: IAP Adjustment Calculator Deployed	0%		6/01/2022	
WP6: IAP Balance Comparison Tool	0%		9/06/2022	
WP7.3: Payouts Actuarial Extract	0%		2/22/2024	

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium

Employer Programs
- 7/1/19 – Effective Date
- 9/3/19 – Employer Incentive Fund (EIF) Application #1 Opens
- 11/27/19 – EIF Application #1 Closes
- 12/2/19 – EIF Application #2 Opens
- 8/6/20 – Employer Rate Projection Tool (ERPT) Assessment Complete
- 12/1/20 – EIF Application #2 Closes
- 3/30/21 – Work Package (WP) 1 Migrate and Adapt ERPT →
- 6/30/21 – WP2 ERPT Stakeholder Acceptance and Deployment →

Salary Limit
- 12/24/19 – Work Package (WP) 1 – Short Term
- 1/1/20 – Effective Date
- 1/24/20 – WP2 Post 2020 Salary Limit – Long Term
- 11/19/20 – WP3 User Screens to Record Annual Salary Limit – Long Term
- 5/13/21 – WP4 Proration Reports and Workflow – Long Term →
- 5/28/21 – Project Close →

Work After Retirement
- 12/19/19 – Work Package (WP) 1 Retiree Wages Suspended – Short Term
- 1/1/20 – Effective Date
- 11/19/20 – WP2 New Wage Codes with General Ledger (GL) Integration – Long Term
- 5/13/21 – WP3 Retro Rate Change – Long Term

Member Redirect
- 6/18/20 – Work Package (WP) 1 Employee Pension Stability Account Set Up/Batch/General Ledger – Short Term
- 7/1/20 – Effective Date
- 9/22/20 – Voluntary Contributions Initial Functionality – Long Term
- 10/30/20 – WP2.2 IAP Forecaster Tool – non-jClarety – Long Term
- 11/19/20 – Voluntary Contributions Final Functionality Release – Long Term
- 1/21/21 – WP5.2 Online Member Services User Interface – Long Term →
- 1/26/21 – WP2 TIED SSIS – Non-jClarety – Long Term →
- 3/23/21 – WP3 EPSA Earnings – Long Term
- 6/24/21 – WP4.2 EPSA Display, and WP12 Full EPSA Set up Screen – Long Term →

Member Choice
- 10/23/19 – Project Kick Off
- 5/15/20 – Member Annual Statements (MAS) Flyer Communication
- 8/19/20 – Member Choice Notification
- 8/20/20 – Work Package (WP) 1 Online Member Services (OMS) Changes Deployed
- 9/1-30/20 – Election Period
- 1/1/21 – Effective Date
- 3/23/21 – WP2 OMS & jClarety Enhancements – Long Term →
- 5/1/21 – Member Choice reflected in MAS →
- 6/24/21 – WP3 Online Member Services (OMS) Election and Bugs →

PROGRAM INITIATIVE

Cross Project Effort
- 9/17/20 – WP1.1 IAP Validator Tool (short-term) →
- 1/26/21 – WP2.1 IAP Payment Recon (short-term) →
- 3/18/21 – WP1.2 IAP Validator Tool (long-term) →
- 4/27/21 – WP2.2 IAP Payment Recon (long-term) →
- 5/13/21 – WP7.2 Employer Information Actuarial Extract →
- 6/18/21 – WP5.1 PYE Invoicing Tool →
- 6/24/21 – WP7.1 Non-Retired Census Actuarial Extract →
- 6/28/21 – WP4.1 IAP Adjustment Calculator →

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Senate Bill (SB) 1049 Implementation Road Map

2021-2023 Biennium

		2021						2022												2023					
		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN

Employer Programs
- 7/16/21 – Project Close

Work After Retirement
- 12/16/21 – WP4 Side Account Credit Allocation
- 2/28/22 – Project Close

Member Redirect
- 10/14/21 – WP5 Voluntary Contribution Maintenance – Long Term
- 3/24/22 – WP4.3 EPSA Transaction Display – Long Term
- 7/21/22 – WP6.1 EPSA Retirement – Long Term
- 2/23/23 – WP9.1 EPSA Withdrawal – Long Term →
- 2/23/23 – WP9.2 Alter OPSRP Withdrawal – Long Term →

(Dec. 17)

Member Choice
- 8/4/21 – Project Close

Technical Debt
- 7/1/21 – Project Kickoff
- 7/21/22 – WP1 Employer Statements

PROGRAM INITIATIVE

Cross Project Effort
- 2/22/22 – WP3 IAP Divorce Tool
- 5/20/22 – WP5.2 PYE Invoicing Tool
- 6/1/22 – WP4.2 IAP Adjustment Calculator
- 9/6/22 – WP6 IAP Balance Comparison Tool

2023-2025 Biennium

PROJECTS	2023						2024												2025					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN

Member Redirect
- 7/20/23 – WP8.1 EPSA Pre-Retirement Death – Long Term
- 7/20/23 – WP10 Backlog Implementation – Long Term
- 12/14/23 – WP11.1 Reemployment – Long Term
- 12/14/23 – WP11.2 Excess EPSA – Long Term
- 2/22/24 – WP12.2 Final Backlog Implementation – Long Term
- 2/29/24 – Migration Finalization
- 4/25/24 – Project Close

PROGRAM INITIATIVE

Cross Project Effort
- 2/22/24 – WP7.3 Tier One/Tier Two/OPSRP Payouts Actuarial Extract

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Project information: Work After Retirement (WAR)

Project start: July 1, 2019 | **Project end:** 2/28/2022
Project Manager: Susan K. Mundell

Project objective:

Effective January 1, 2020, the Work After Retirement (WAR) sections of SB 1049 allow most service retirees to work unlimited hours for PERS participating employers in calendar years 2020-2024 while retaining their retirement benefit. It also requires employers to pay employer contributions on retirees' salary during that period.

Overall project status: Green

Project Narrative:

WAR Work Package (WP) 4: Side Account plus Defect Remedy successfully deployed on 12/16/2021. This work package ended User Acceptance Testing a week early with a 100% tested and a 99.56% pass rate.

WAR WP4 is the final production implementation for the WAR Project. The project Retrospective, Closeout Report and other project closure activities have begun. The project is scheduled for closure on 2/28/2022.

Work Packages:

Work Package 1: Suspend DTL2-07 Retiree Wage Codes – Short-term
- Production Deployment Date: 12/19/2019 (Complete)

Work Package 2: New Wage Codes with General Ledger Integration – Long-term
- Production Deployment Date: 11/19/2020 (Complete)

Work Package 3: Retro Rate Change – Long-term
- Production Deployment Date: 5/13/2021 (Complete)

Work Package 4: Side Account Credit Allocation
- Production Deployment Date: 12/16/2021 (Complete)

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Budget health: `Green`

29560 SB1049 - Work After Retirement (WAR) Project					
Expenses	Budget	Actual to Date	Projections	Total	Variance
*Personal Services - PERS	$ 280,000	$ 149,635	$ 130,365	$ 280,000	$ -
Personal Services - SB1049	$ 200,000	$ 57,385	$ 142,615	$ 200,000	$ -
Office Expenses	$ 100,000	$ 1,141	$ -	$ 1,141	$ 98,859
Professional Services	$ 485,741	$ 29,958	$ 404,563	$ 434,520	$ 51,221
IT Professional Services	$ 337,000	$ 187,061	$ 108,830	$ 295,891	$ 41,109
IT Expendable Property	$ 5,000		$ -	$ -	$ 5,000
SB 1049 Total Expenses	$ 1,127,741	$ 275,545	$ 656,007	$ 931,552	$ 196,189
Project Total	**$ 1,407,741**	**$ 425,179**	**$ 786,373**	**$ 1,211,552**	**$ 196,189**
Average Monthly Spend (Burn Rate)		$ 55,108.90	$ 328,003.75		
*Not included in SB1049 expenses					

Schedule Health: `Green`

All major milestones have been completed.

Scope health: `Green`

The scope for all work packages has been delivered.

Quality Assurance activities:
- A Quality Check Point review was completed on 12/09/2021 for contractual deliverable D1.0.27 Contractor Support Log.
- The final Move to Production Quality Gate for WP4 was held on 12/15/2021.
- The final Work Package Development document will go into Quality Check Point review on 12/28/2021.
- The final Contractor Support Log, D1.0.28, will go into Quality Check Point review on 12/31/2021.
- All contractual deliverables will be completed by 1/11/2022.

Emerging concerns/needs/impacts:

The final concern is the automatic 12/20/21 Side Account Wash Job. If the Side Account functionality delivered in WAR WP4 does not work as expected, employers will be overcharged.

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.

For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: WAR Weekly Status Report

	Risk Description	Mitigation and/or Contingency Plan	Notes
2	**Complexity of Effort:** The forecasted amount of work, timing, available documentation and complexity is inaccurate or assumptions made that are off base.	➢ Use iterative development to reverse engineer the code to meet Business need. ➢ Ensure effective inter-team project communication. ➢ Schedule additional time to analyze complex code.	Monitoring to determine that the new functionality works as intended with the Side Account Wash job on 12/20/2021.

Project Issues and Action Plans

Listed below are the most critical issues for this project.

For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: WAR Weekly Status Report

Risk Description	Mitigation and/or Contingency Plan	Notes
No Current Issues		

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Project Schedule Deliverables and Milestones

Milestones Schedule				
Milestone	**Percent Complete**	**Baseline Finish Date**	**Actual / Forecast Finish Date***	**Status/ Notes**
WP1 – Phase Closure Complete	100%	2/13/2020	2/13/2020	
WP2 – Deployment Complete	100%	10/22/2020	11/19/2020	
WP4 – High Level Estimate Complete	100%	2/25/2021	2/25/2021	
WAR – Baselined Effort Based Project Schedule	100%	3/5/2021	3/5/2021	
WP3 – Business Functional Testing (BFT) Complete	100%	3/19/2021	3/19/2021	
WP3 – Ready for User Acceptance Testing (UAT) Quality Gate	100%	3/29/2021	3/26/2021	
WP3 – User Acceptance Testing Complete	100%	5/7/2021	5/07/2021	
WP3 – Quality Assurance Testing Complete	100%	5/7/2021	5/07/2021	
WP3 – Move to Production Quality Gate Complete	100%	5/12/2021	5/11/2021	
WP3 – Deployment Complete	100%	5/13/2021	5/13/2021	
WAR – Rebaselined Effort Based Project Schedule (WP4)	100%	5/20/2021	5/20/2021	
WP3 – Phase Closure Complete	100%	5/27/2021	5/27/2021	
WP4 – Business Requirements Document Complete	100%	7/12/2021	7/12/2021	
WP4 – Development Complete	100%	10/5/2021	10/5/2021	
WP4 – Business Functional Testing (BFT) Complete	100%	10/26/2021	10/26/2021	
WP4 – User Acceptance Testing (UAT) Complete	100%	12/10/2021	12/10/2021	
WP4 – Deployment Complete	100%	12/16/2021	12/16/2021	
WP4 – Phase Closure Complete	0%	1/04/2021	1/4/2021	
WAR Project Complete	0%	2/28/2021	2/28/2022	

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

SB 1049 Implementation Program

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Project information: Member Redirect

Project start: July 1, 2019 | **Project end:** April 25, 2024
Project Manager: Chris Yu

Overall project status: Green

Project Narrative: The overall project health is green and activities are progressing on schedule. Business Functional Testing for Work Package 4.3 (EPSA Correct Member Account) was completed successfully on 12/15/2021. The current technical priority is to proceed with the Test script development for WP4.3 towards the 1/7/2022 completion date. WP4.3 will begin User Acceptance Testing on 1/10/2022. In addition, the construction for work package 6.1 (Voluntary Contributions Maintenance) will continue towards the 1/31/2021 completion date.

CR-007 (SB111A) was approved by the SB 1049 Steering Team on 11/23/2021. This Change Request authorizes the team to elaborate SB111A requirements alongside Member Redirect WP8.1 (EPSA Death) so that requirements can be written to satisfy both SB 1049 and SB111A needs in a comprehensive, one-touch manner, and so that requirement boundaries between the two efforts can be better understood.

Project objective:

Effective July 1, 2020 this section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than $2,500.

Work Packages:

Work Package 4.3 EPSA Correct Member Account - Long-Term
- Production Deployment Date: 3/24/2022
- Business Functional Testing was completed on 12/15/2021
- User Acceptance Testing will be completed on 3/1/2022

Work Package 9.1 EPSA Correct Member Account - Long-Term
- Production Deployment Date: 2/23/2023
- Construction will begin on 3/1/2022
- Business Functional Testing will begin on 10/3/2022

Work Package 6.1 EPSA Voluntary Contribution Maintenance- Long-Term
- Production Deployment Date: 7/21/2022
- Construction will be completed on 1/31/2022
- Business Functional Testing will be completed on 3/29/2022
- User Acceptance Testing will be completed on 7/5/2022

Work Package 9.2 Alter OPSRP Withdrawal - Long-Term
- Production Deployment Date: 2/23/2023
- Construction will begin on 3/1/2022
- Business Functional Testing will begin on 10/3/2022

Additional long-term work packages exist. See the Milestones Schedule for a complete list of work packages

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Budget health: Green

There will need to be additional funding for 2023-2025, which will be tracked at the program level.

29560 SB1049 - Member Redirect Project					
Expenses	**Budget**	**Actual to Date**	**Projections**	**Total**	**Variance**
*Personal Services - PERS	$ 1,658,226	$ 280,245	$ 1,377,981	$ 1,658,226	$ -
Personal Services - SB1049	$ 5,603,697	$ 1,038,560	$ 4,565,137	$ 5,603,697	$ -
Services and Supplies	$ 1,927,618	$ 68,528	$ 1,618,432	$ 1,686,960	$ 240,658
IT Professional Services	$ 11,110,000	$ 2,541,014	$ 2,939,630	$ 5,480,644	$ 5,629,356
IT Expendable Property	$ 200,000		$ -	$ -	$ 200,000
Data Processing Hardware	$ 55,000		$ -	$ -	$ 55,000
SB1049 Total Expenses	$ 18,896,315	$ 3,648,102	$ 9,123,199	$ 12,771,301	$ 6,125,014
Project Total	**$ 20,554,541**	**$ 3,928,347**	**$ 10,501,180**	**$ 14,429,527**	**$ 6,125,014**
Average Monthly Spend (Burn Rate)		$ 729,620.33	$ 480,168.37		
*Not included in SB1049 Expenses					

Schedule Health: Green

The current project tasks are on schedule for all major milestone dates.

Scope health: Green

The project scope is understood for all releases.

Quality Assurance activities:
- The Monthly Release Management Report will be submitted for Quality Check Point review on 12/30/2021
- Enter Quality Assurance and User Acceptance Testing Quality Gate Work Package 4.3 (EPSA Correct Member Account) on 12/22/2021

Emerging concerns/needs/impacts:
- No emerging concerns

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.
For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: Member Redirect Weekly Status Report

#	Risk Description	Mitigation and/or Contingency Plan	Notes
82	**Production Data Center Migration (PDCM):** The timing of the PDCM overlaps with critical WP4.3 tasks, potentially impacting technical and staff resources and causing delays to Member Redirect activities	➢ Work with PDCM team to ensure server moves have minimal impact to WP4.3. Adjust server move schedules if required.	Member Redirect has a production release scheduled for 3/24/22 so we will need to monitor and mitigate potential impact to that project.
2	**Complexity of Effort:** The forecasted amount of work, timing, and complexity is inaccurate or assumptions made that are off base.	➢ The project manager will continue to work with the project team and manage the project schedule and risk log	The Business Requirements document for WP8.1 (EPSA Pre-Retirement Death) will now be due on 2/14/2022 instead of 12/13/2021. The additional potential scope of SB111A could add complexity to WP8.1 and impact the work and schedule.
4	**Internal Staffing:** Resource shifting, competing priorities, or over allocation impact the availability of dedicated project resources, or a key resource leaves PERS	➢ The Project Management Office has created cross-project bi-weekly meetings to discuss resource allocations across all PERS projects, including SB 1049 and non-SB 1049 projects	SB 1049 Project Managers are working to mitigate by updating the Cross Project Effort schedule/allocations for May and June 2022.

Project Issues and Action Plans

Listed below are the most critical issues for this project.
For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: Member Redirect Weekly Status Report

No	Issue	Resolution / Notes	Estimated Resolution Date
	No current issues		

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Project Schedule Deliverables and Milestones

Milestones Schedule				
Milestone	**Percent Complete**	**Baseline Finish Date**	**Actual / Forecast Finish Date***	**Status/ Notes**
WP2.1 – Tool for IAP Earnings Data	100%	1/26/2021	1/26/2021	
WP3.1 – EPSA Earnings	100%	3/23/2021	3/23/2021	
WP3.2 - Member Annual Statement Extract	100%	3/23/2021	3/23/2021	
WP4.2 - EPSA Transaction Display	100%	6/24/2021	6/24/2021	
WP12 - Full EPSA Set up screen	100%	6/24/2021	6/24/2021	
WP5.1 - Voluntary Contribution maintenance	100%	10/14/2021	10/14/2021	
WP4.3 – EPSA Correct Member Account	0%	3/24/2022	3/24/2022	
WP6.1 – EPSA Retirement	0%	7/21/2022	7/21/2022	
WP9.1 – EPSA Withdrawal	0%	2/23/2023	2/23/2023	
WP9.2 – Alter OPSRP Withdrawal	0%	2/23/2023	2/23/2023	
WP8.1 – EPSA Pre-Retirement Death	0%	7/20/2023	7/20/2023	
WP10 – Backlog Implementation	0%	7/20/2023	7/20/2023	
WP11.1 – Re-Employment	0%	12/14/2023	12/14/2023	
WP11.2 – Excess EPSA	0%	12/14/2023	12/14/2023	
WP12.2 – Final Backlog Implementation	0%	2/22/2024	2/22/2024	
Migration Finalization	0%	2/29/2024	2/29/2024	
Project Complete	0%	4/25/2024	4/25/2024	

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Project information: Technical Debt

Project start: June 22, 2021 | **Project end:** August 31, 2022
Project Manager: Joli Whitney

Project objective:

The SB 1049 Technical Debt Project will address areas of technical debt which have been encountered and identified in the SB 1049 Implementation Program and prioritized for resolution. Resolution of technical debt will be limited to those items that are created by SB 1049, are exacerbated by SB 1049, or inhibit PERS' ability to complete SB 1049 requirements.

Overall project status: <mark>Green</mark>

Project Narrative: Construction of Work Package 1 (WP1 Employer Statements) was completed on November 16, 2021. Business Functional Testing began on November 17, 2021 and is on track to complete on January 19, 2022

Two new change requests- one to address Benefit Account Status Transition and the other to address General Ledger and Side Account Reversals were approved by the SB 1049 Steering Team on December 15, 2021. Both of these change requests are technical debt areas which were discovered through changes implemented for the SB 1049 WAR project. These change requests seek to document the existing technical schematics in a draft Functional Design Specification document. Once this information is better understood, the team will evaluate the size of the gaps to determine whether the problems are able to be addressed with the remaining time and budget of the SB 1049 Technical Debt Project or if they are better addressed through a future modernization effort.

A change request in development to add a new work package to address missing SB 1049 batch reporting functionality has completed the solution analysis phase. A proof of concept has shown that the request for these reports can be accommodated through existing technology with a permission change to data handling capabilities to make data available in real time. As these report requirements originated in Member Redirect, the production work to deliver these reports will be managed by the Member Redirect Project. The Technical Debt Project Change Request for this work is expected to be cancelled.

Note that the project closure date is subject to change as additional items are added into project scope. This is planned and expected.

Work Packages:

Work Package 1: Employer Statements
- Production Deployment Date: July 21, 2022
- Development completed on 11/16/2021
- BFT began on 11/17/2021
- UAT scheduled to begin on 4/25/2022

Work Package: 2 Benefit Account Status Transition
- Milestones TBD – in planning

Work Package 3: General Ledger and Side Account Reversals
- Milestones TBD – in planning

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Budget health: Green

Technical Debt Project is currently within the budget allocated by the Legislature.

29560 SB1049 - Technical Debt Project					
Expenses	Budget	Actual to Date	Projections	Total	Variance
*Personal Services - PERS	$ 200,000	$ 88,490	$ 111,510	$ 200,000	$ -
Personal Services - SB1049	$ 200,000	$ 23,411	$ 176,589	$ 200,000	$ -
Office Expenses	$ 105,000	$ 1,141	$ 7,859	$ 9,000	$ 96,000
IT Professional Services	$ 1,985,000	$ 141,930	$ 69,570	$ 211,500	$ 1,773,500
Professional Services - QA + PM	$ 485,741	$ 29,958	$ 404,563	$ 434,520	$ 51,221
IT Expendable Prop	$ 15,000		$ -	$ -	$ 15,000
SB1049 Expenses	$ 2,790,741	$ 196,440	$ 658,580	$ 855,020	$ 1,935,721
Project Total	**$ 2,990,741**	**$ 284,929**	**$ 770,091**	**$ 1,055,020**	**$ 1,935,721**
Average Monthly Spend (Burn Rate)		$ 39,287.91	$ 73,175.61		
*Not included in SB1049 Expenses					

Schedule Health: Green

The project schedule was baselined on 9/14/2021. This baseline is only for WP1 Employer Statements. The schedule will be updated and rebaselined to reflect new work packages which were just approved through the SB 1049 change request management process.

Scope health: Green

The high-level project scope of WP1 Employer Statements is understood. The Business Requirements Document for WP1 was accepted by the Business Owner on 10/19/2021. The two change requests seek to better understand the scope of the technical debt areas before moving forward with solutions. The SB 1049 change request management process will be utilized to consider additional scope for these items once they are documented.

Quality Assurance activities:
- WP1 Work Package Development documentation began Quality Check Point review on 12/13/2021. This review is scheduled to be completed by 12/22/2021.

Emerging concerns/needs/impacts:
- There is a concern regarding a short timeline to amend existing Work Order Contracts to retain critical WAR resources whom will be required for implementation of the recently approved change requests to address Benefit Account Transition Status and General Ledger and Side Account Reversals.

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.
For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: Technical Debt Weekly Status Report

#	Risk Description	Mitigation and/or Contingency Plan	Notes
1	Competing SB 1049 Resources	Careful coordinated schedule planning and priorities within the program and all projects	We continue to monitor this risk. We anticipate this risk to increase as we prepare for WP1 UAT in April 2022. Resource allocations are being closely reviewed.
2	Complexity of Effort	Set additional Elaboration Meetings or set additional elaboration timeline; Use iterative development to reverse engineer the code to meet Business need; Ensure effective inter-team project communication; Schedule additional time to analyze complex code.	
4	Lack of Project Portfolio Management	SB 1049 Program resource allocations are regularly reviewed. The Project Management Office has also commenced regular meetings to evaluate resource enterprise impacts of projects in the agency portfolio.	This risk will continue to be monitored with resource allocation reviews
5	Technology Risk- Complexity and fragility of jClarety system	Iteratively develop more complex code structure; Add necessary technical debt fix to project scope; Regression Test to ensure technical issue does not negatively affect new code.	The project leadership team agreed that this risk was a high level concern for this project as we wade into the unfamiliar waters of technical debt. It is difficult to see what challenges lie below the surface.

Project Issues and Action Plans

Listed below are the most critical issues for this project.
For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: Technical Debt Weekly Status Report

No	Issue	Resolution / Notes	Estimated Resolution Date
	No current issues	.	

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Project Schedule Deliverables and Milestones

Milestones Schedule				
Milestone	**Percent Complete**	**Baseline Finish Date**	**Actual / Forecast Finish Date***	**Status/ Notes**
Program CR002- Technical Debt approved by Steering Team	100%	6/22/2021	6/22/2021	
Finalize project charter	100%	6/30/2021	6/30/2021	
Project kick off	100%	7/1/2021	7/1/2021	
Baselined project schedule (WP1 only)	100%	9/14/2021	9/14/2021	
WP1- Development Complete	100%	11/9/2021	11/16/2021	The late finish does not impact our critical path and was absorbed into the project schedule
WP1- Business functional testing (BFT) complete	0%	1/19/2022	1/19/2022	
WP2- Functional Design Specification Document complete		TBD	TBD	
WP3- Functional Design Specification Document complete		TBD	TBD	
WP1- User acceptance testing (UAT) complete	0%	7/5/2022	7/5/2022	
WP1- Release to production Quality Gate complete	0%	7/20/2022	7/20/2022	
WP1- Production deployment complete	0%	7/2021/2022	7/2021/2022	
WP1- Lessons Learned	0%	8/4/2022	8/4/2022	
Project Closure Quality Gate	0%	8/31/2022	8/31/2022	
Project ends	0%	8/31/2022	8/31/2022	

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Project information: Salary Limit

Project start: 7/01/ 2019 | **Project end:** 5/28/2021
Project Manager: Bruce Rosenblatt

Project objective:

The Salary Limit Project is necessary because SB 1049 redefined "salary," which changes the calculation method for Final Average Salary, and contributions for members with subject salary greater than $195,000. This limit is on salary for plan purposes, and is not a salary cap. The Salary Limit was adjusted for the Consumer Price Index, on 1/04/2021. The redefinition impacts the data and business processes used by diverse teams at PERS, including Benefit Calculations, Member Estimates, Data Verifications, Employer Data Reporting, and Account Data Reviews and Reporting.

Overall project status: Complete

Project Narrative: The Salary Limit Project was successfully closed on 5/28/2021.

Work Packages:

Work Package 1: Short-term Minimum Viable Product (MVP)
- Production Deployment Date: 12/24/2019 (Complete)

Work Package 2: Annual Implementation of New Salary Limit
- Production Deployment Date: 1/23/2020 (Complete)

Work Package 3: Adding self-service screens to jClarety system to record annual changes and effective dates – Long-term
- Production Deployment Date: 11/19/2020 (Complete)

Work Package 4 – Enhances proration work processes when partial year calculations may apply – Long-term
- Production Deployment Date: 5/13/2021 (Complete)

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Project information: Employer Programs

Project start: July 1, 2019 | **Project end:** July 16, 2021
Project Manager: Joli Whitney

Project objective:

The Employer Programs section of SB 1049 expands the requirements for the Employer Incentive Fund (EIF); and appropriates $100 million from the General Fund to the Employer Incentive Fund; directs net proceeds from Oregon Lottery Sports betting to the Employer Incentive Fund; allows participating public employers who make larger than $10 million deposits to side accounts to determine when they wish to have these funds included in their employer rate assessment; and requires all public employers to participate in the Unfunded Actuarial Liability Resolution Program (UALRP).

Overall project status: Complete

Project Narrative: The Employer Programs project was successfully closed on 7/16/2021.

Work Packages:

WP1 Migrate and Adapt ERPT (Completed)

- Acceptance Quality Gate: 3/23/2021 (this WP was not released to production) (Complete)

WP2 ERPT Stakeholder Acceptance and Deployment to Cloud

- Production Deployment Date: 6/3/2021 (Complete)

SB 1049 Implementation Program

Status Report for December 17, 2021

Executive Sponsor: Kevin Olineck
Program Manager: James Allen

Project information: Member Choice

Project start: October 23, 2019 | **Project end:** August 4, 2021
Project Manager: Joli Whitney

Project objective:

The Member Choice sections of SB 1049 give members a say in how their Individual Account Program (IAP) accounts will be invested. Members' regular IAP accounts are currently allocated to Target-Date Funds (TDF) based on their year of birth. Beginning with calendar year 2021, members will be able to elect a TDF other than the default TDF.

Overall project status: Complete

Project Narrative: The Member Choice project was successfully closed on 8/4/2021.

Work Packages:

WP1.1 Online Election
- Production Deployment Date: 8/20/2020 (Complete)

WP1.2 Voya's updates to website and nightly sweep program
- Production Deployment Date: 1/19/2021 (Complete)

WP1.3 PERS paper form election process including workflow
- Production Deployment Date: 8/12/2020 (Complete)

WP1.4 Development of new reports (to Voya and internal)
- Production Deployment Date 9/29/2020 (Complete)

WP2- Refining TDF Processes – Long-term
WP2.1 –Online Member Services and jClarety Enhancements
- Production Deployment Date: 3/23/2021 (Complete)

WP2.2 Central Data Management Reports
- Production Deployment Date: 6/15/2021 (Complete)

WP3- Online Member Services Election and Bugs
- Production Deployment Date: 6/24/2021 (Complete)

80th Oregon Legislative Assembly – 2019 Regular Session

HB 5032 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Patrick Heath, Department of Administrative Services
Reviewed By: John Borden, Legislative Fiscal Office

Public Employees Retirement System
2019-21

PRELIMINARY

This summary has not been adopted or officially endorsed by action of the committee.

Budget Summary*

	2017-19 Legislatively Approved Budget[1]	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				$ Change	% Change
Other Funds Limited	$ 101,657,012	$ 105,912,270	$ 163,356,188	$ 61,699,176	60.7%
Other Funds Nonlimited	$ 10,994,171,000	$ 12,493,087,721	$ 12,504,627,192	$ 1,510,456,192	13.7%
Total	$ 11,095,828,012	$ 12,598,999,991	$ 12,667,983,380	$ 1,572,155,368	14.2%

Position Summary

Authorized Positions	379	369	419	40	
Full-time Equivalent (FTE) positions	375.18	369.00	414.32	39.14	

[1] Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The benefit trusts that the Public Employees Retirement System (PERS) administers are funded primarily through a combination of earnings generated on the investment of trust assets by the Oregon Investment Council and from employer or employee contributions. PERS projects $10.2 billion in investment earnings and $4.6 billion in retirement system contributions for all benefit programs in the 2019-21 biennium. For purposes of assessing system funded status, the PERS Board currently assumes the Oregon Investment Council (OIC) will earn net returns of 7.2 percent per year. The 10-year average return totals 9.46 percent as of December 31, 2018, however, more recent returns have missed the assumed rate. In 2018 the Oregon Public Employees Retirement Fund earned 0.48 percent for the year. When earnings on the fund are projected to fall short of the assumed rate of return, employer rates increase to make up the difference in order to preserve the funded status of the system. For the last several biennia, the PERS Board has reduced the assumed earnings rate of the PERS Fund to better reflect historical performance and predicted investment returns of the PERS Fund.

The employer or employee contributions budgeted for the PERS trusts come in the form of employer rates to fund the Tier 1, Tier 2, Oregon Public Service Retirement Program (OPSRP), and PERS Health Insurance Programs (PHIP) benefits. Employer payroll rates for 2019-21 were adopted by the PERS Board in October 2018. System wide, the rates the Board adopted increased collared net pension rates from 17.51 percent of payroll for Tier 1 / Tier 2 in 2017-19 to 22.00 percent of payroll in 2019-21; and increased from 11.00 percent of payroll for OSPSRP General Service in 2017-19 to 15.65 percent of payroll in 2019-21. Employer rates do not include costs for the Individual Account Program or debt service costs for pension obligation bonds. Although the 2019 Legislature passed Senate Bill 1049, which is expected to reduce employer rates by an average of 5.43 percent below where they would otherwise be, these changes are not anticipated to be reflected in employer rates until

the 2021-23 biennium. Rates vary by employer based on factors including their employee demographics, their pre-funding any liability via side accounts, or their participation in a rate pool.

The PERS Health Insurance Program (PHIP) is funded via a combination of employer rates, earnings on the PERS Fund, insurance premiums paid by beneficiaries and passed through to the insurers, and subsidy payments from the Centers for Medicare and Medicaid Services.

Recent legislative efforts have focused on using one-time and new revenues to fund the PERS liability and incentivize employers to pre-fund their liabilities by establishing side accounts. Senate Bill 1566 (2018) created the School District Unfunded Liability Fund (SDULF) and the Employer Incentive Fund (EIF) for these purposes. In 2019-21, PERS will begin to receive revenue from decoupling from a federal tax deduction for small business and interest on unclaimed property to fund the SDULF and the EIF. The Legislature also approved a $100 million General Fund appropriation to the Employer Incentive Fund in Senate Bill 1049 (2019) along with an unknown revenue stream from sports betting. Below is a table showing the programs, the funding streams supporting each program, the estimated revenue associated with each program, and associated legislation:

Program	Funding	Estimated 2019-21 Revenue	Bill
School District Unfunded Liability Fund	82.0 percent of federal decoupling revenue	$129.8 million	SB 1529 (2018)
	Excess capital gains	Unknown	SB 1566 (2018)
	Excess Estate Taxes	Unknown	SB 1566 (2018)
	Excess debt collections	Unknown	SB 1566 (2018)
	Excess interest on unclaimed property	$11.5 million	SB 1566 (2018)
Employer Incentive Fund	18.0 percent of federal decoupling revenue	$28.4 million	SB 1529 (2018)
	Employer Contributions	Unknown	SB 1566 (2018)
	Sports Gambling revenues (Lottery)	Unknown	SB 1049 (2019)
	General Fund Appropriation	$100 million	SB 1049 (2019)

PERS' operating budget is funded primarily, or 96.6 percent, by recovering its administrative costs from the benefit trusts the agency administers. The agency also has some limited charges for service for administering the Oregon Savings Growth Plan deferred compensation program, side accounts established by PERS employers, and for Benefit Equalization Fund payments.

Summary of General Government Subcommittee Action

The Public Employees Retirement System (PERS) is responsible for administering retirement programs for public employees, including state, school, and local government workers. In 2017, PERS paid approximately $3.9 billion in benefits to Oregonians. In support of its mission, PERS manages the Tier 1 and Tier 2 Retirement programs, the Oregon Public Service Retirement Program (OPSRP), the Individual Account Program (IAP), two health insurance programs, Social Security Administration activities, and the Oregon Savings Growth Plan deferred compensation program.

The five-member Public Employees Retirement Board (PERB) provides administrative oversight for all PERS programs. Board members are appointed by the Governor and confirmed by the Senate for three-year terms. The Board is made up of three members with experience in business management, pension management or investing who are not members of PERS, one member who is an employee of the state in a management position or a person who holds an elective office in the governing body of a participating public employer other than the state, and one member who works for a PERS employer and is a member of a collective bargaining unit.

The Subcommittee recommended a total funds budget of $12,667,983,380 and 419 positions (414.32 FTE) for the 2019-21 biennium. The budget consists of Other Funds expenditure limitation of $163,356,188 for agency operations and $12,504,627,192 in Nonlimited Other Funds expenditure authority for benefit payments. This represents a 60.7 percent increase in the agency's operating budget, due primarily to the implementation of Senate Bill 1049 (2019) and a 13.7 percent increase in the agency's expenditures for statutorily mandated benefits over the 2017-19 Legislatively Approved Budget.

Tier One and Tier Two Pension Programs

More than 900 public employers participate in the retirement and health care plans administered by PERS. This includes all state agencies, all public school districts, and the majority of local government entities – making PERS the provider of retirement programs for the vast majority of state and local government employees in the state. As of June 30, 2018, there were approximately 84,000 non-retired Tier 1 and Tier 2 members and approximately 141,000 retirees and beneficiaries receiving monthly retirement benefits as of June 30, 2018. Tier 1 covers members hired before JANUARY 1, 1996, while Tier 2 covers members hired between January 1, 1996 and August 28, 2003, while providing a slightly higher normal retirement age and slightly less generous benefits. Public employees hired after August 28, 2003 are members of the Oregon Public Service Retirement Pension Program (OPSRP).

The Tier 1 - Tier 2 Plan program unit accounts for employee and employer contributions and interest earnings related to those plans and reflects the benefits paid to Tier 1 - Tier 2 retirees or their beneficiaries. Payments from the Benefit Equalization Fund and the Judge Member Retirement are also paid out of this program. The Subcommittee recommended a budget of $10,272,591,713 in Nonlimited Other Funds expenditures for the 2019-21 biennium for payments to beneficiaries, an increase of 13.1 percent from the 2017-19 Legislatively Approved Budget, which includes the following package:

Package 801, LFO Analyst Adjustment. This package increase Other Funds Nonlimited expenditure authority by $11,539,471 to account for payments from the School District Unfunded Liability Fund established by Senate Bill 1566 (2018) into the pooled side account by that bill.

Retirement Health Insurance Programs
PERS serves as a group sponsor providing health insurance services to approximately 60,000 retired members and dependents. PERS works with insurance carriers to design benefit packages, determine specifications, solicit proposals, analyze carrier responses, and award contracts. The PERS Health Insurance Program is comprised of two health insurance programs and an account for costs associated with administrative services:

- Retirement Health Insurance Account (RHIA): provides a $60 per month subsidy to help offset the cost of insurance premiums in PERS-sponsored health insurance plans for eligible retirees enrolled in Medicare Parts A and B. All PERS employers fund this subsidy through contributions of 0.06 percent of payroll. Approximately 45,000 retirees receive this subsidy, which totals approximately $32.4 million annually.

- Retiree Health Insurance Premium Account (RHIPA): subsidizes the cost of insurance premiums in PERS-sponsored health insurance plans for those who retired directly from state of Oregon employment but are not yet Medicare eligible and are not enrolled in the state employee health insurance retiree plans sponsored by Public Employees Benefit Board. The subsidy, which is funded by the state of Oregon through its contribution rate at 0.39 percent of payroll, is based on the number of years the retired member was employed in state service. PERS pays more than $4.6 million in premium subsidies annually, to almost 1,300 retirees, which is an average $298 per member per month. This subsidy is limited to Tier 1 and Tier 2 PERS retirees with eight or more years of state service and also to their surviving spouses.

- Standard Retiree Health Insurance Account (SRHIA): covers all administrative services related to the PERS Health Insurance Program not specific to RHIA and RHIPA. This program encompasses such health insurance-related administrative activities as premium transfers, third-party administrative agreements, and consultant services. The majority of the revenue for the SRHIA program, over $260 million per year, comes from member paid insurance premiums with additional revenues from federal sources like the Centers for Medicare and Medicaid Services (CMS) and resulting investment returns.

The RHIA and RHIPA programs are funded from employer contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF). The Subcommittee recommended a budget of $733,481,352 in Nonlimited Other Funds expenditures for the 2019-21 biennium for payments to a third-party administrator and for payments to beneficiaries.

Oregon Public Service Retirement Pension Program
The Oregon Public Service Retirement Pension (OPSRP) program serves public employees who began public employment after August 28, 2003. The OPSRP pension program is funded solely by employer contributions and investment earnings. The plan has a higher retirement age and less generous benefits than either the Tier 1 or Tier 2 programs. OPSRP now has over 146,000 non-retired members, more than the Tier 1 or Tier 2 plans combined, as well as 4,450 retirees and beneficiaries. This program accounts for employer contributions and retirement payments for the

OPSRP plan. The Subcommittee recommended a budget of $75,188,960 in Nonlimited expenditure authority for payments to OPSRP beneficiaries.

Individual Account Program
The Individual Account Program (IAP) is the defined contribution component of the PERS retirement plan. The IAP has no guaranteed payment or return. The IAP requires PERS members to contribute an amount equal to six percent of eligible salary to an IAP account (employers may pay the contribution on behalf of their employees). Beginning July 1, 2020, Tier 1 and Tier 2 members will contribute 3.5 percent of salary to their IAP accounts, and OPSRP members will contribute 5.25 percent to IAP accounts, with the balance of the 6.0 percent being contributed to each employee's Employee Pension Stability Account. At retirement, members will receive the balance of this account and accrued earnings. Starting January 1, 2018, the Oregon Investment Council shifted the investment portion of IAP assets to a series of Target Date Fund vintages that would adjust the assets and riskiness of each member's IAP based on their personal characteristics. Prior to January 1, 2018, these funds were invested exclusively the Public Employee Retirement Fund. Senate Bill 1049 (2019) will allow members to elect which Target Date Fund their IAP is invested in beginning January 1, 2021. As of December 31, 2017 there were 269,812 active IAP accounts with an average balance of $33,210 each. The Subcommittee recommended a budget of $1,423,365,167 in Nonlimited expenditure authority for payments to IAP beneficiaries.

Central Administration
Central Administration, in conjunction with the PERS Board, provides the central direction, planning, and leadership for PERS. The Division consists of the executive director, deputy director, senior policy director, and the Strategic and Operational Planning section. The Subcommittee recommended a budget of $5,549,108 in Other Funds expenditure limitation and 21 positions (20.92 FTE), which includes the following packages:

Package 081, September 2018 Emergency Board. This package increases Other Funds expenditure limitation by $704,393 and authorizes the transfer of four positions (4.00 FTE) from the Operations Division to Central Administration to re-establish a Communications Section.

Package 805, Operational Implementation. This package increases Other Funds expenditure limitation by $388,736 and authorizes the establishment of two permanent full-time Public Affairs Specialist 2 positions (1.92 FTE) to address the anticipated communications workload associated with the passage of Senate Bill 1049 (2019).

Financial and Administrative Services Division
The Financial and Administrative Services Division (FASD) provides comprehensive financial and administrative services to the agency. This includes financial accounting, reporting, and tax services for all PERS' trust and agency fund activities, including the Retirement Fund, Deferred Compensation funds, Benefit Equalization Fund, health insurance programs, and Social Security Program.

FASD is responsible for the receipt, posting, and deposit of over $1.7 billion annually in contributions and the disbursement of approximately $4.5 billion annually in benefits. Other fiscal activities include preparation, maintenance, and reporting of the agency's biennial budget, coordination of actuarial services, fiscal analysis, accounts receivable, accounts payable, contracts, and procurement.

FASD also contains the Facilities Services Section, which manages general building maintenance, office supplies, shipping and receiving, and other various ancillary tasks. Human Resources, Retiree Health Insurance and Deferred Compensation (OSGP) programs and are also located within FASD. The Subcommittee recommended a budget for the Financial and Administrative Services Division of $44,640,486 in Other Funds expenditure limitation and 64 positions (63.52 FTE), which includes the following packages:

Package 081, September 2018 Emergency Board. This package increases Other Funds expenditure limitation by $198,066 and authorizes the establishment of one permanent, full-time Accountant 4 position (1.00 FTE) to perform investment accounting for the Individual Account Program and specifically the crediting of Target Date Fund earnings to members accounts.

Package 082, December 2018 Emergency Board. This package increases Other Funds expenditure limitation of $1,698,000 to pay for contracted services with a third-party administrator for the Oregon Savings Growth Plan. The package creates expenditure limitation for Oregon Growth Savings Plan expenditures for services including an account manager, communications consultants, and field representatives for OSGP in order to increase transparency and accountability for these expenses. Expenses related to investment management and payments to beneficiaries will remain non-budgeted, as authorized by statute.

Package 090, Analyst Adjustments. This package reduces Other Funds expenditure limitation by $183,430 by reducing excess limitation for rent.

Package 103, FASD Strategic Fulfillment. This package increases Other Funds expenditure limitation by $357,679 and authorizes the establishment of one limited duration position (1.00 FTE). This limited duration Accounting Tech 3 will perform collections based on a 2012 Oregon Supreme Court decision to retroactively reduce the earnings credited to members. Approximately 92.2 percent of PERS members subject to collections now have collections automatically deducted from benefits and automatically applied to benefits and the work to recalculate benefits is substantially complete.

Package 107, Deferred Maintenance. This package increases Other Funds expenditure limitation by $1,161,555 for the following projects, each of which includes a 15 percent contingency amount: $456,918 for replacement of the building's heating, air conditioning and ventilation system, $438,379 for replacing the building's roof, $199,857 for exterior repairs, and $66,401 for replacing variable air volume boxes. This package is approved on a one-time basis.

Package 801, LFO Analyst Adjustments. This package increases Other Funds expenditure limitation by $11,539,472 for the department to make payments from the School District Unfunded Liability Fund ($11,539,471) and Employer Incentive Fund ($1) established by Senate Bill 1566 (2018) to the employer side accounts envisioned by that bill.

Package 805, Operational Implementation. This package increases Other Funds expenditure limitation by $595,862 and authorizes the establishment of four permanent, full-time positions (3.52 FTE) for anticipated workload increases associated with Senate Bill 1049 (2019). This includes two Accountant 3 positions (1.76 FTE) who will provide fund accounting and earnings crediting for the Employer Pension Stability Accounts and two Accounting Technician 3 positions (1.76 FTE) to provide accounts receivable and cashiering support.

Package 812, Vacant Position Elimination. This package reduces Other Funds expenditure limitation by $250,886 and one permanent full-time Principal Executive Manager F (1.00) that has been vacant for 11 months. This position, formerly the agency's Chief Administration Officer, is no longer needed by the agency based on the establishment of a permanent full-time Principal Executive Manager G position to serve as the agency's Chief Financial Officer and to administer the Financial and Administrative Services Division.

Information Services Division
The Information Services Division (ISD) develops and operates PERS' complex information systems, maintains the agency's in-house data center, provides desktop support and training to PERS staff, and performs related activities including software development, database management, network support, and quality assurance. The Enterprise Content Management section provides imaging services, records management, and public records and discovery responses to the agency. ISD ensures agency staff has the appropriate IT tools and services necessary to perform their duties and provide customer service to members, employers, and other stakeholders. The Subcommittee recommended a budget for the Information Services Division of $26,144,003 in Other Funds expenditure limitation and 70 positions (69.76 FTE), which includes the following packages:

Package 102, Data Center Migration. This package increases Other Funds expenditure limitation by $1,715,318 to fund the agency's transition to the State Data Center using a new colocation model of service. The agency will need to purchase new servers and software and associated services to complete the move, which is anticipated to be completed in June 2020. The Department of Administrative Services has received funding in its Legislatively Adopted Budget to provide the new colocation service that PERS will use at the State Data Center. This package is recommended on a one-time basis.

Package 104, Maintaining Current Services. This package increases Other Funds expenditure limitation by $356,295 and establishes two permanent full-time positions (1.76 FTE) for an Information Systems Specialist 6 Quality Assurance Engineer and an Information Systems Specialist 6 Electronic Content Management analyst.

Package 812, Vacant Position Elimination. This package reduces Other Funds expenditure limitation by $129,751 and abolishes one permanent full-time position (1.00 FTE). This package eliminates a vacant Office Specialist 1 position and associated Services and Supplies in the Electronic Content Management section. The position has been vacant for 20 months.

Operations Division
The Operations Division provides comprehensive retirement plan information and assistance to PERS members and employers for the Tier 1, Tier 2, OPSRP, and IAP programs. The division is the primary point of contact for PERS members and employers through its call center and

correspondence units. The Division provides member education through group presentations and assistance with retirement applications. The division processes benefit applications, determines benefit eligibility, reviews disability applications, and calculates and adjusts benefit payments. The Subcommittee recommended a budget of $39,438,343 in Other Funds expenditure limitation for the Operations Division and 207 positions (206.52 FTE), which includes the following packages:

Package 081, September 2018 Emergency Board. This package reduces Other Funds expenditure limitation by $704,393 to recognize the transfer of four positions (4.00 FTE) from the Operations Division to the Central Administration to re-establish a Communications Section in that division.

Package 090, Analyst Adjustments. This package reduces Other Funds expenditure limitation by $461,098, including $211,098 to account for unneeded limitation and $250,000 in expenses for temporary staff due to increased permanent full-time staff that are recommended to be authorized in Package 104, Maintaining Current Services.

Package 104, Maintaining Current Services. This package increases Other Funds expenditure limitation by $568,790 and authorizes the establishment of four permanent, full-time positions (3.52 FTE). These positions include a Principal Executive Manager B position to serve as the Calculations Supervisor and allow the section manager to assume higher level responsibilities; an Operations and Policy Analyst 2 position to assist the Operations division in reconciling data coming from the Oregon State Treasury related to the implementation of the Target Date Funds investing approach to the Individual Account Program; and two positions, a Retirement Counselor 2 and an Office Specialist 2, to work in the Intake and Review section.

Package 812, Vacant Position Elimination. This package reduces Other Funds expenditure limitation by $250,886 and abolishes one permanent full-time position. This action eliminates a vacant Principal Executive Manager F position that has been vacant for 16 months. This position is no longer needed due to the agency's consolidation of two divisions into a single division in 2015, eliminating the need for one division administrator.

Compliance, Audit and Risk Division
The Compliance, Audit and Risk Division provides risk management and compliance services for all agency programs. The Division oversees and coordinates legal activities, assists in the identification and management of risks, and provides independent audit and consulting services to ensure legal and policy compliance, and manages section 218 of the State Social Security Program. The Division ensures policies, business rules and administrative rules are in compliance with state and federal statutes and the PERS plans maintain their tax qualified status.

The Subcommittee recommended a budget of $8,524,534 in Other Funds expenditure limitation and 20 positions (20.00 FTE) for the Compliance, Audit and Risk Division, which includes the following packages:

Package 082, December 2018 Emergency Board. This package increases Other Funds expenditure limitation by $442,191 and two positions (2.00 FTE), including one permanent full-time Information Systems Specialist 8 position to implement cybersecurity controls and a permanent full-

time Operations and Policy Analyst 3 to serve as the agency's Continuity and Disaster Recovery Specialist and manage the agency's continuity management program. These positions assist in maintaining the security and reliability of the agency's core pension systems and ensuring that there is no interruption in member benefit payments.

Package 106, Risk and Security Management. This package increases Other Funds expenditure limitation by $638,291 for contracted services needed to support the agency's information security, business continuity and disaster recovery programs. PERS worked on this program during the 2015-17 biennium after information security audits revealed numerous flaws in the agency's security architecture. The agency received direction in 2016 from the Legislature, the Governor and the Department of Administrative Services – Chief Information Office to correct serious operational security deficiencies, develop and implement an industry standard Cyber Security Program, an industry standard Disaster Recovery Program, and an industry standard Business Continuity Program, and to establish a disaster recovery warm site.

PERS requested security resources in their 2017-19 Agency Request Budget, but those three positions along with two others were moved to the Enterprise Security Office within the Department of Administrative Services after the centralization of information security occurred under Senate Bill 90 (2017). During the 2017 Legislative Session PERS received $750,000 to plan for a business continuity and disaster recovery program as well as $1.6 million in contract dollars for IT security remediation. The December Emergency Board approved funding for two positions to staff the program (see Package 082, December 2018 Emergency Board).

The agency has assured the Legislature these programs will be complete in June of 2019. The Department of Administrative Services is requested to unschedule the $638,291 in expenditure limitation until the Public Employees Retirement System submits a third-party assessment evaluating whether the agency has established an industry standard cybersecurity program, industry standard disaster recovery program, and industry standard business continuity program. This package is approved on a one-time basis.

Core Retirement Systems Applications Division
The Core Retirement Systems Applications Division was established to budget for the project-related positions and contracts related to PERS' implementation of Senate Bill 1049, an omnibus PERS reform bill. The projects that will need to be undertaken to implement this bill include establishing a system to manage the new Employee Pension Stability Accounts that will hold contributions diverted from member's Individual Account Program contributions, establishing a system that allows members to choose which Target Date Fund their Individual Account Program will be invested in, creating a database to track the new work after retirement provisions, implementing a new information tool and staff for the Employer Incentive Fund, School District Unfunded Liability Fund, and Unfunded Actuarial Liability Resolution Program established by Senate Bill 1566 (2018), and creating a database to manage the new cap on final average salaries at $195,000. The first of these projects, the establishment of the Employee Pension Stability Accounts, is set to take effect on July 1, 2020. The Subcommittee recommended a budget of $39,059,714 in Other Funds expenditure limitation and 37 positions (33.60 FTE). The Subcommittee recommended the following packages:

Package 802, Project Management and Administration. This package establishes Other Funds expenditure limitation of $2.5 million for a project management vendor contract for the overall project management of the Senate Bill 1049 implementation effort. This amount is recommended on a one-time basis.

Package 803, Quality Assurance and Testing. This package establishes Other Funds expenditure limitation of $2.5 million for an independent quality assurance contractor to oversee the implementation of Senate Bill 1049. This amount is recommended on a one-time basis.

Package 804, Information Technology Applications. This package establishes Other Funds expenditure limitation of $25,992,000 to fund the information technology solutions needed to implement Senate Bill 1049. Given the timelines for implementation, the project will need to implement a series of temporary solutions before final versions can be implemented.

Specifically, PERS anticipates spending $4,675,000 on temporary solutions as follows:

- $1,750,000 in contracted services for a database to temporarily manage Employee Pension Stability Accounts;

- $770,000 in contracted services for a database to temporarily manage the new Final Average Salary limit;

- $770,000 in contracted services for a database to temporarily manage the new work after retirement provisions of the bill;

- $180,000 in contracted services for SQL Server database integration services; and

- $1,205,000 in contracted services for a third-party administrator to manage the Employee Pension Stability Accounts and voluntary employee contributions to their Individual Account Program accounts.

To implement a series of permanent solutions that will address the programs created by Senate Bill 1049, PERS anticipates spending $21,317,000 on the following:

- $20.0 million in contracted services to implement the employee redirect portions of the bill;
- $1.275 million in contracted services for an actuarial rate projection tool in order to implement the Unfunded Actuarial Liability Resolution Program; and
- $42,000 in contracted services to modify the Employer Data Exchange database to validate employee's dates of birth.

These amounts are recommended on a one-time basis. Needs for these expenditures after the 2019-21 biennium will be addressed after the department is better able to articulate the expected future costs of operating and maintaining these new programs and systems. The Subcommittee approved the following Budget Note:

Budget Note
The Public Employees Retirement System (PERS) is directed to report to the Joint Committee on Information Management and Technology and the Joint Committee on Ways and Means during the Legislative session in 2020 on the implementation of SB 1049 (2019). The Department of Administrative Services and the Office of the State Chief Information Officer are to provide oversight of the PERS SB 1049 (2019) implementation project. The project shall

adhere to the Stage Gate process. The Department of Administrative Services - Office of the State Chief Information Officer and the Department of Administrative Services - Chief Financial Officer, in their oversight roles, are to report separately to the Joint Committee on Information Management and Technology and the Joint Committee on Ways and Means during the Legislative session in 2020 on the implementation of Senate Bill 1049 (2019).

The agencies' reports to the Legislature shall include:

• Update on project scope, schedule, and budget, and total cost of ownership

• Identification of costs associated with one-time solutions versus permanent solutions

• Independent quality assurance reporting on the project

• Impact of Senate Bill 1049 (2019) information technology project on routine agency operations

• Any exceptions from administrative rules, policies or procedures, or statutes granted to PERS by the Department of Administrative Services

• Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project.

Package 805, Operational Implementation. This package establishes Other Funds expenditure limitation of $7,567,714 and 37 limited duration positions (33.60 FTE) for staff needed to address additional operational workload created by Senate Bill 1049 implementation. These positions are budgeted in the Core Retirement Systems Application Division but will report to the divisions outlined.

- Central Administration Division: $1,039,142 in Other Funds expenditure limitation and four limited duration positions (3.84 FTE), including three Operations and Policy Analyst 3 positions and one Electronic Publications and Design Specialist 3.

- Financial and Administrative Services Division: $1,727,591 in Other Funds expenditure limitation and four limited duration positions (3.64 FTE), including one Operations and Policy Analyst 3, one Procurement and Contract Specialist 3, one Human Resource Analyst 3, and one Office Specialist 2.

- Information Services Division: $588,506 in Other Funds expenditure limitation and three limited duration positions, including two Information Systems Specialist 7 positions and one Information Systems Specialist 4.

- Operations Division: $3,314,898 in Other Funds expenditure limitation and 22 positions (19.68 FTE), including nine Retirement Counselor 1 positions, two Retirement Counselor 2 positions, one Program Analyst 1 position, one Office Specialist 2 position, four Operations and Policy Analyst 1 positions, three Operations and Policy Analyst 2 positions, and two Information System Specialist 4 positions.

- Compliance Audit and Risk Division: $897,577 in Other Funds expenditure limitation and four limited duration positions (3.68 FTE), including one Operations and Policy Analyst 3, one Compliance Specialist 2, and two Operations and Policy Analyst 1s.

These positions are recommended as limited duration until the agency can assess its operational needs for these new programs and make a request of the Legislature for permanent positions.

Package 806, Contingency Reserve. This package establishes Other Funds expenditure limitation of $500,000 to serve as a contingency reserve for the implementation of the Senate Bill 1049 given the uncertainty about the final costs of this project and the fact that it is still in an early planning phase.

Summary of Maximum Supervisory Ratio
The Subcommittee reviewed the agency's proposed Maximum Supervisory Ratio of 1:10.

Summary of Performance Measure Action
See attached "Legislatively Approved 2019-2021 Key Performance Measures."

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Public Employees Retirement System
Patrick Heath - 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
2017-19 Legislatively Approved Budget at Dec 2018 *	$ -	$ -	$ 101,657,012	$ 10,994,171,000	$ -	$ -	$ 11,095,828,012	379	375.18
2019-21 Current Service Level (CSL)*	$ -	$ -	$ 105,912,270	$ 12,493,087,721	$ -	$ -	$ 12,598,999,991	369	369.00

SUBCOMMITTEE ADJUSTMENTS (from CSL)
SCR 010-01 - Tier One and Tier Two Pension Programs
Package 801: LFO Analyst Adjustments

Special Payments	$ -	$ -	$ -	$ 11,539,471	$ -	$ -	11,539,471		

SCR 500-01 - Central Administration
Package 081: September 2018 Emergency Board

Personal Services	$ -	$ -	$ 704,393	$ -	$ -	$ -	704,393	4	4.00

Package 805: Operational Implementation

Personal Services	$ -	$ -	$ 366,558	$ -	$ -	$ -	366,558	2	1.92
Services and Supplies	$ -	$ -	$ 22,178	$ -	$ -	$ -	22,178		

SCR 500-03 - Financial & Admin Services Division (FASD)
Package 081: September 2018 Emergency Board

Personal Services	$ -	$ -	$ 198,066	$ -	$ -	$ -	198,066	1	1.00

Package 082: December 2018 Emergency Board

Services and Supplies	$ -	$ -	$ 1,698,000	$ -	$ -	$ -	1,698,000		

Package 090: Analyst Adjustments

Services and Supplies	$ -	$ -	$ (183,430)	$ -	$ -	$ -	(183,430)		

Package 103: FASD Strategic Fulfillment

Personal Services	$ -	$ -	$ 170,962	$ -	$ -	$ -	170,962	1	1.00
Services and Supplies	$ -	$ -	$ 186,717	$ -	$ -	$ -	186,717		

Package 107: Deferred Maintenance

Services and Supplies	$ -	$ -	$ 1,161,555	$ -	$ -	$ -	1,161,555		

Package 801: LFO Analyst Adjustments

Special Payments	$ -	$ -	$ 11,539,472	$ -	$ -	$ -	11,539,472		

Package 805: Operational Implementation

Personal Services	$ -	$ -	$ 551,506	$ -	$ -	$ -	551,506	4	3.52
Services and Supplies	$ -	$ -	$ 44,356	$ -	$ -	$ -	44,356		

Package 812: Vacant Position Elimination

Personal Services	$ -	$ -	$ (250,886)	$ -	$ -	$ -	(250,886)	(1)	(1.00)

SCR 500-04 - Information Services Division
Package 102: Data Center Migration

Services and Supplies	$ -	$ -	$ 183,318	$ -	$ -	$ -	183,318		
Capital Outlay	$ -	$ -	$ 1,532,000	$ -	$ -	$ -	1,532,000		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 104: Maintaining Current Services									
Personal Services	$ -	$ -	$ 345,198	$ -	$ -	$ -	$ 345,198	2	1.76
Services and Supplies	$ -	$ -	$ 11,097	$ -	$ -	$ -	$ 11,097		
Package 812: Vacant Position Elimination									
Personal Services	$ -	$ -	$ (118,654)	$ -	$ -	$ -	$ (118,654)	(1)	(1.00)
Services and Supplies	$ -	$ -	$ (11,097)	$ -	$ -	$ -	$ (11,097)		
SCR 500-08 - Operations Division									
Package 081: September 2018 Emergency Board									
Personal Services	$ -	$ -	$ (704,393)	$ -	$ -	$ -	$ (704,393)	(4)	(4.00)
Package 090: Analyst Adjustments									
Personal Services	$ -	$ -	$ (250,000)	$ -	$ -	$ -	$ (250,000)	0	0.00
Services and Supplies	$ -	$ -	$ (211,098)	$ -	$ -	$ -	$ (211,098)		
Package 104: Maintaining Current Services									
Personal Services	$ -	$ -	$ 535,539	$ -	$ -	$ -	$ 535,539	4	3.52
Services and Supplies	$ -	$ -	$ 33,251	$ -	$ -	$ -	$ 33,251		
Package 812: Vacant Position Elimination									
Personal Services	$ -	$ -	$ (250,886)	$ -	$ -	$ -	$ (250,886)	(1)	(1.00)
SCR 500-09 - Compliance, Audit, and Risk Division									
Package 082: December 2018 Emergency Board									
Personal Services	$ -	$ -	$ 442,191	$ -	$ -	$ -	$ 442,191	2	2.00
Package 106: Risk and Security Management									
Services and Supplies	$ -	$ -	$ 638,291	$ -	$ -	$ -	$ 638,291		
SCR 900-00 - Core Retirement System Applications									
Package 802: Project Management and Administration									
Services and Supplies	$ -	$ -	$ 2,500,000	$ -	$ -	$ -	$ 2,500,000		
Package 803: Quality Assurance and Testing									
Services and Supplies	$ -	$ -	$ 2,500,000	$ -	$ -	$ -	$ 2,500,000		
Package 804: Information Technology Applications									
Services and Supplies	$ -	$ -	$ 25,992,000	$ -	$ -	$ -	$ 25,992,000		
Package 805: Operational Implementation									
Personal Services	$ -	$ -	$ 5,646,497	$ -	$ -	$ -	$ 5,646,497	37	33.60
Services and Supplies	$ -	$ -	$ 1,921,217	$ -	$ -	$ -	$ 1,921,217		
Package 806: Contingency Reserve									
Services and Supplies	$ -	$ -	$ 500,000	$ -	$ -	$ -	$ 500,000		
TOTAL ADJUSTMENTS	$ -	$ -	$ 57,443,918	$ 11,539,471	$ -	$ -	$ 68,983,389	50	45.32
SUBCOMMITTEE RECOMMENDATION *	$ -	$ -	$ 163,356,188	$ 12,504,627,192	$ -	$ -	$ 12,667,983,380	419	414.32
% Change from 2017-19 Leg Approved Budget	0.0%	0.0%	60.7%	13.7%	0.0%	0.0%	14.2%	10.6%	10.4%
% Change from 2019-21 Current Service Level	0.0%	0.0%	54.2%	0.1%	0.0%	0.0%	0.6%	13.6%	12.3%

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 6/13/2019 5:41:58 PM

Agency: Public Employees Retirement System, Oregon

Mission Statement:

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 Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.		Approved	65%	80%	80%
2. TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.		Approved	$145.00	$165.00	$165.00
3. MEMBER TO STAFF RATIO - Ratio of members to FTE staff.		Approved	1,048	1,055	1,055
4. ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within $5 per month.		Approved	100%	100%	100%
5. LEVEL OF PARTICIPATION - Percent of state employees participating in the deferred compensation program.		Approved	42%	45%	50%
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	91%	95%	95%
	Overall		91%	95%	95%
	Availability of Information		88%	95%	95%
	Timeliness		90%	95%	95%
	Accuracy		91%	95%	95%
	Expertise		92%	95%	95%
7. TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.		Approved	34%	95%	95%
8. BOARD OF DIRECTORS BEST PRACTICES - Percent of total best practices criteria met by the PERS board.		Approved	100%	100%	100%

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the Key Performance Measures and updated targets.

SubCommittee Action:

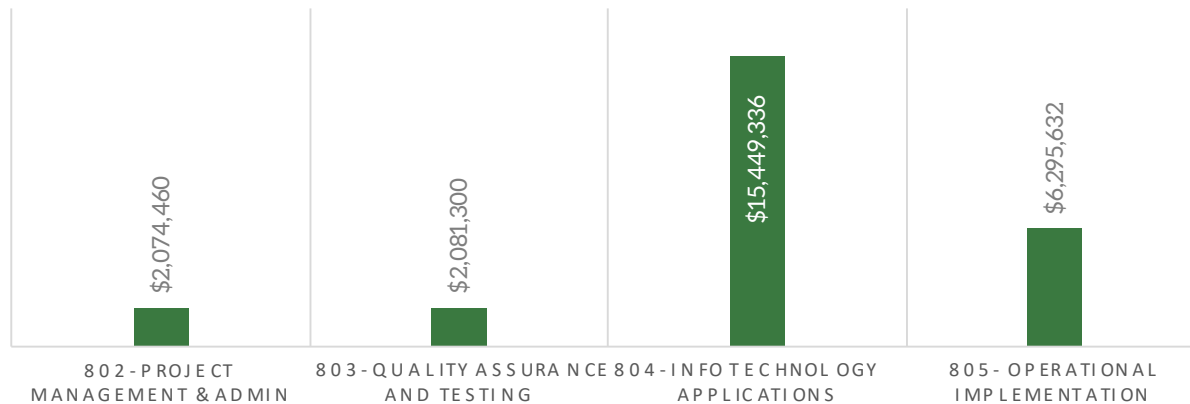The General Government Subcommittee adopted the recommendatons.
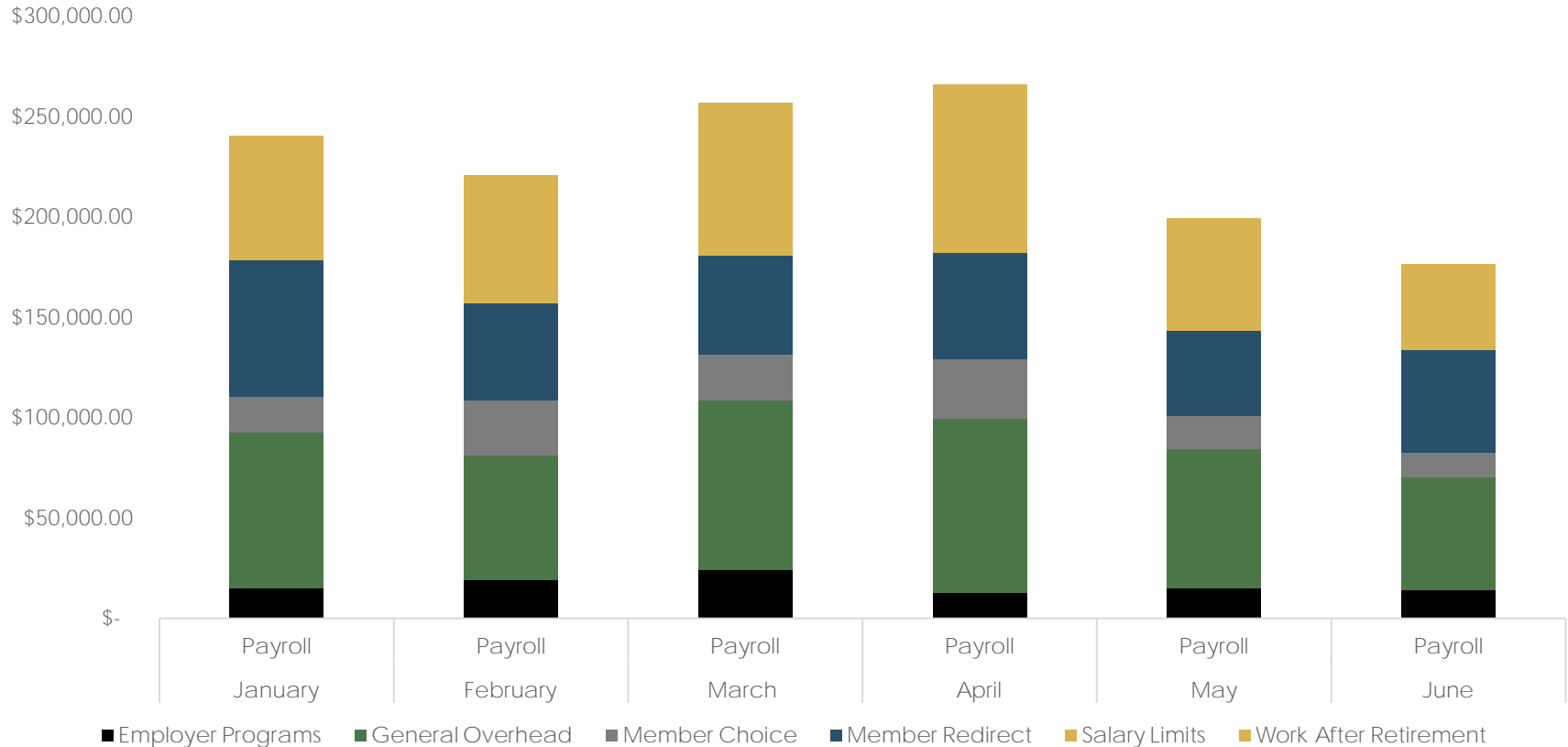
SB 1049 Budget Report
Summary Budget Analysis AY21

Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2019-21 LAB	Variance
Personal Services	4,200,239		4,200,239	6,120,680	1,920,441
Services & Supplie	21,303,521		21,303,521	22,913,217	1,609,696
Capital Outlay	396,969		396,969		(396,969)
Total	25,900,729		25,900,729	29,033,897	3,133,168

EXPENDITURES BY PACKAGE

$2,074,460	$2,081,300	$15,449,336	$6,295,632
802-PROJECT MANAGEMENT & ADMIN	803-QUALITY ASSURANCE AND TESTING	804-INFO TECHNOLOGY APPLICATIONS	805-OPERATIONAL IMPLEMENTATION

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

SB1049 Internal Resource Salary Costs

Total Salary Costs AY 21
$6,238,967

SB1049 Internal Resource Hours
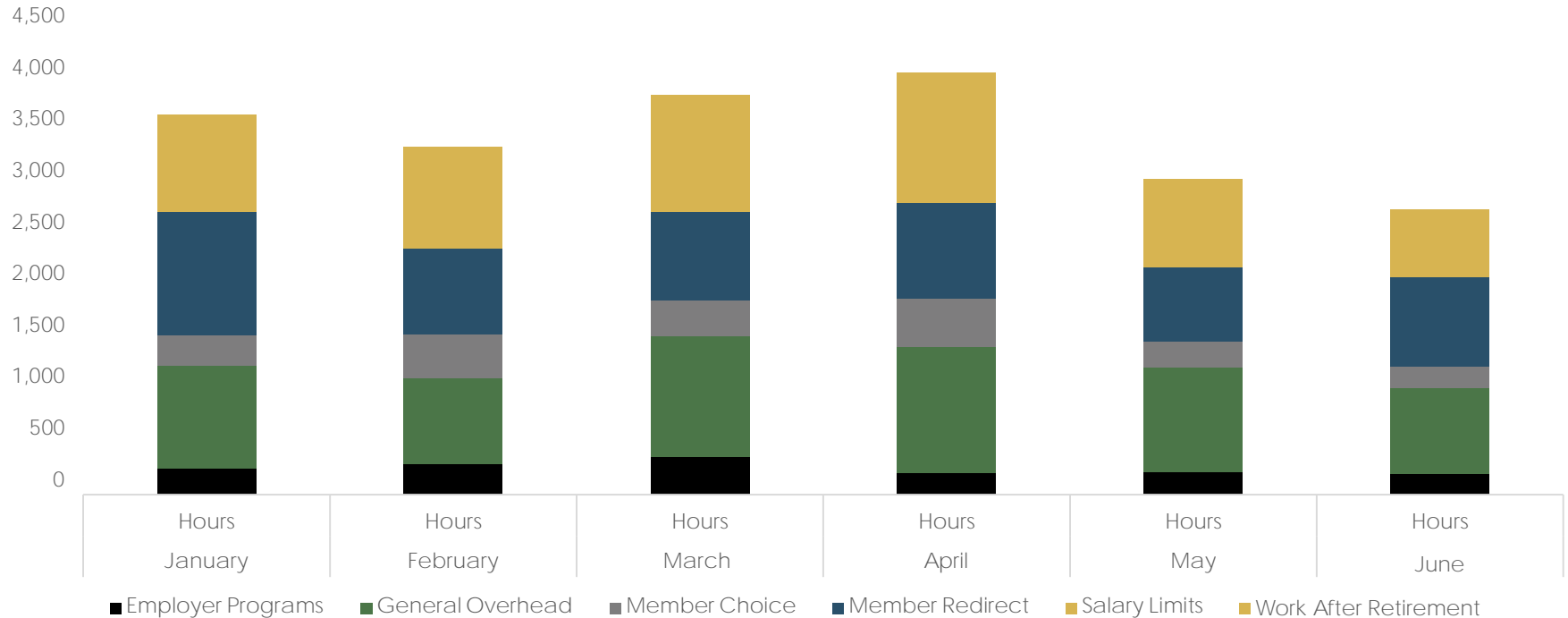
Total Staff hours AY 21
94,480
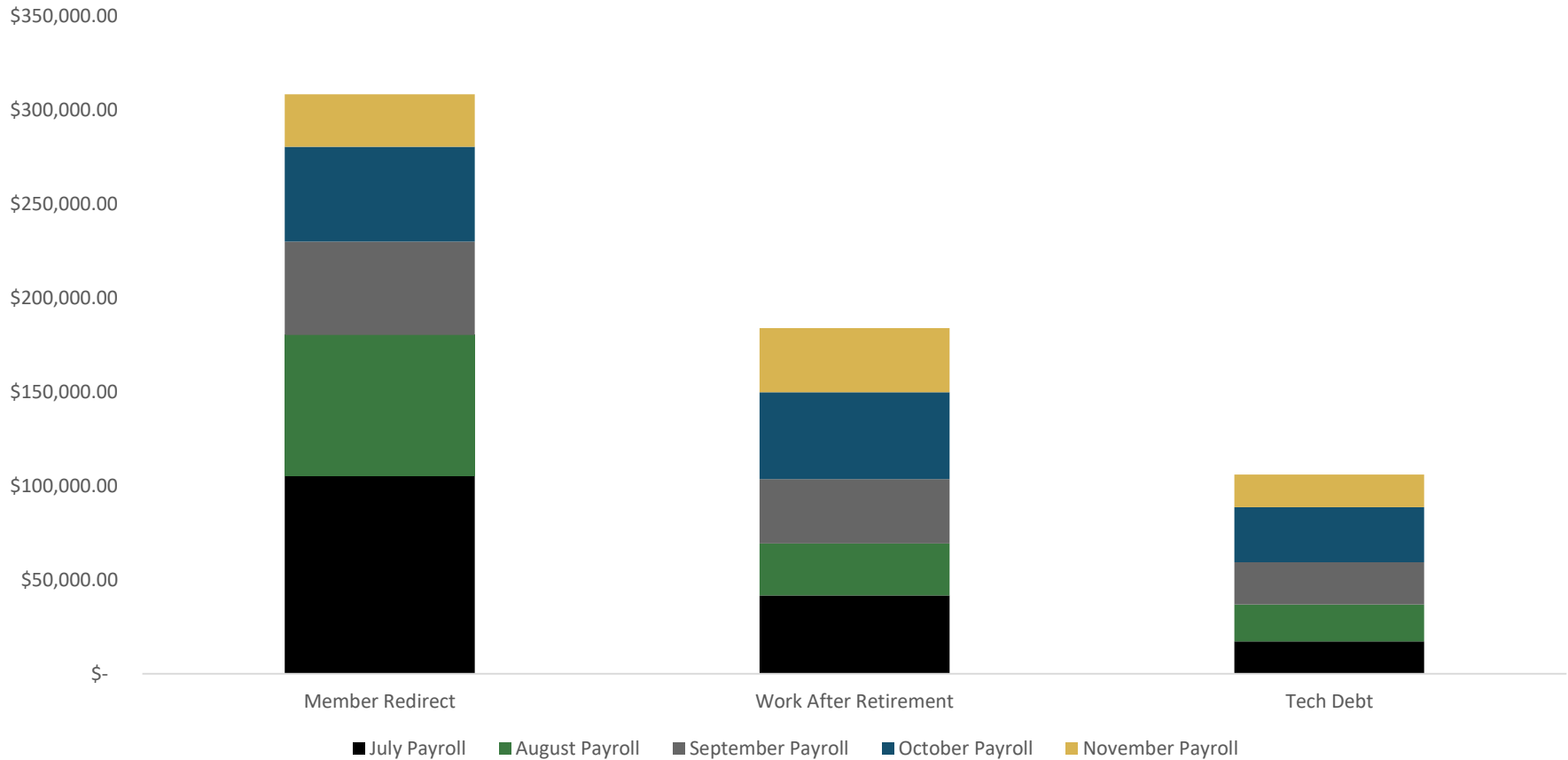
SB 1049 Internal Resource Salary Costs
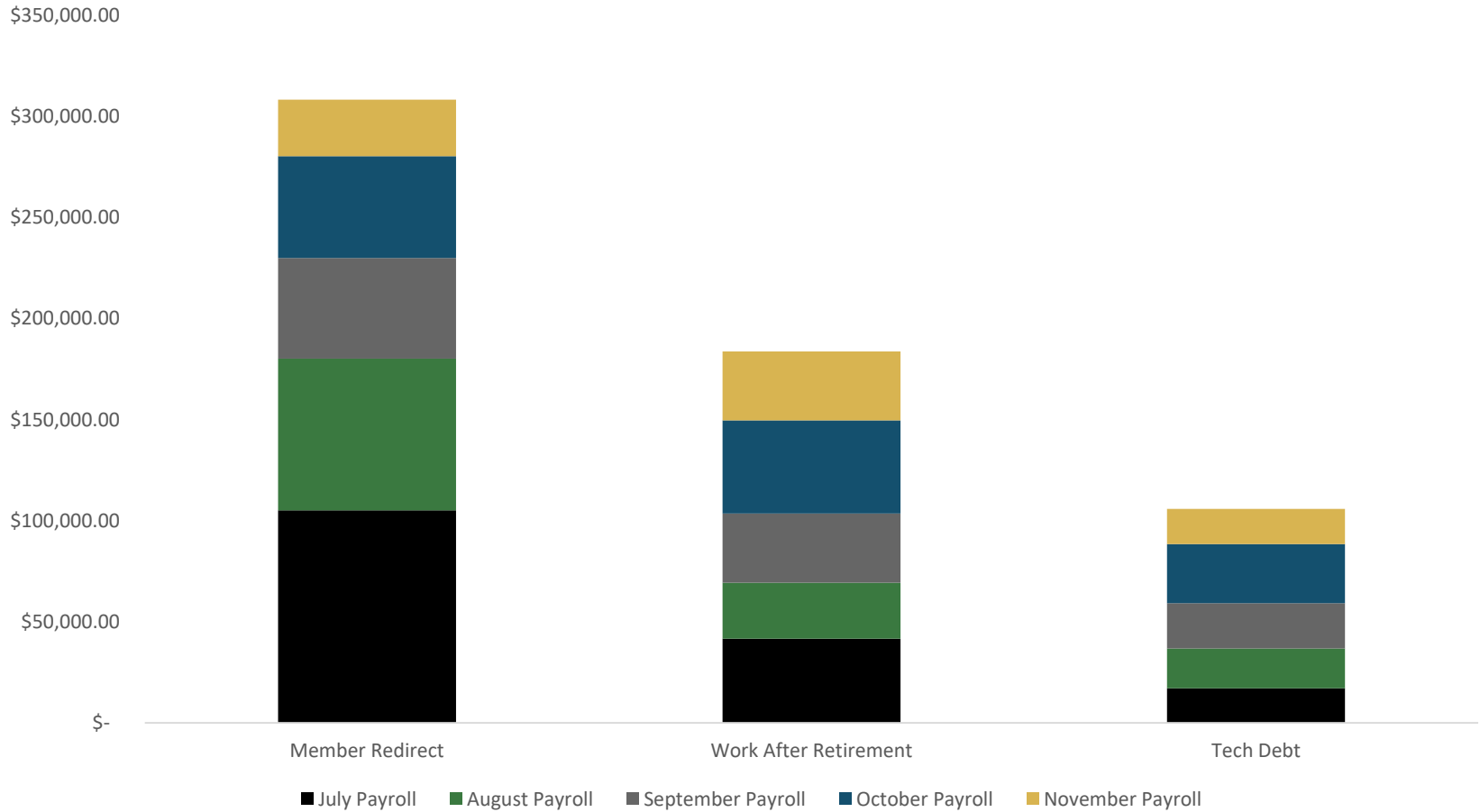
9,589 Hours

Oregon PERS SB1049 iQMS

4.1.7 Quarterly QA Status and Improvement Report

July 1, 2021 – September 30, 2021

Prepared for: State of Oregon Public Employees Retirement System

5 November 2021

Engagement #: 330060058

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- Key Risks
- Key Recommendations
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- Senate Bill 1049 Overview
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Background

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Gartner's Program Risk Assessment Overview

- The purpose of this Quarterly Quality Assurance (QA) Status and Improvement Report deliverable is to identify the current status of the Program and the associated projects, to identify risks and their likelihood of occurring, and to provide an independent evaluation of the planned schedule, fiscal and personnel resources, and processes.

- This Executive Summary provides an overview of the key findings and recommendations. It is a companion to the Quarterly (QA) Status and Improvement Report Detailed Findings.

- In order to support a comprehensive and disciplined assessment, Gartner utilizes a standard risk assessment framework (see Appendix) with defined and measurable risk ratings. The standards for this assessment were established with the input of PERS in Deliverable 2.1: Quality Standards.

- Gartner's risk ratings conform to the color-coded risk rating criteria established in the table to the right.

- Risk ratings reflect Gartner's findings that includes risks, issues and statements of facts that may be positive or neutral as well as the anticipated lead times for risk mitigation.

Risk Levels	Risk Rating Definitions
Low	**Green —** Risk area is being managed according to applicable best practices and there is no material impact from this risk area on project success at this time.
Medium	**Yellow —** Risk area is being managed according to some of the applicable best practices, but others are missing, or the inherent risk can only be mitigated to a limited extent. There is a potential material impact from this risk area on project success that needs to be addressed proactively at this time.
High	**Red —** Risk area is in need of applicable best practices to avoid downstream ramifications, or there is significant inherent risk that cannot be reasonably mitigated. There is a definite material impact from this risk area on project success if this area is not addressed now.

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Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium

Employer Programs
- 7/1/19 – Effective Date
- 9/3/19 – Employer Incentive Fund (EIF) Application #1 Opens
- 11/27/19 – EIF Application #1 Closes
- 12/2/19 – EIF Application #2 Opens
- 8/6/20 – Employer Rate Projection Tool (ERPT) Assessment Complete
- 12/1/20 – EIF Application #2 Closes
- 3/30/21 – Work Package (WP) 1 Migrate and Adapt ERPT
- 6/30/21 – WP2 ERPT Stakeholder Acceptance and Deployment

Salary Limit
- 12/24/19 – Work Package (WP) 1 – Short Term
- 1/1/20 – Effective Date
- 1/24/20 – WP2 Post 2020 Salary Limit – Long Term
- 11/19/20 – WP3 User Screens to Record Annual Salary Limit – Long Term
- 5/13/21 – WP4 Proration Reports and Workflow – Long Term
- 5/28/21 – Project Close

Work After Retirement
- 12/19/19 – Work Package (WP) 1 Retiree Wages Suspended – Short Term
- 1/1/20 – Effective Date
- 11/19/20 – WP2 New Wage Codes with General Ledger (GL) Integration – Long Term
- 5/13/21 – WP3 Retro Rate Change – Long Term

Member Redirect
- 6/18/20 – Work Package (WP) 1 Employee Pension Stability Account Set Up/Batch/General Ledger – Short Term
- 7/1/20 – Effective Date
- 9/22/20 – Voluntary Contributions Initial Functionality – Long Term
- 10/30/20 – WP2.2 IAP Forecaster Tool – non-jClarety – Long Term
- 11/19/20 – Voluntary Contributions Final Functionality Release – Long Term
- 1/21/21 – WP5.2 Online Member Services User Interface – Long Term
- 1/26/21 – WP2 TIED SSIS – Non-jClarety – Long Term
- 3/23/21 – WP3 EPSA Earnings – Long Term
- 6/24/21 – WP4.2 EPSA Display, and WP12 Full EPSA Set up Screen – Long Term

Member Choice
- 10/23/19 – Project Kick Off
- 5/15/20 – Member Annual Statements (MAS) Flyer Communication
- 8/19/20 – Member Choice Notification
- 8/20/20 – Work Package (WP) 1 Online Member Services (OMS) Changes Deployed
- 9/1-30/20 – Election Period
- 1/1/21 – Effective Date
- 3/23/21 – WP2 OMS & jClarety Enhancements – Long Term
- 5/1/21 – Member Choice reflected in MAS
- 6/24/21 – WP3 Online Member Services (OMS) Election and Bugs

PROGRAM INITIATIVE

Cross Project Effort
- 9/17/20 – WP1.1 IAP Validator Tool (short-term)
- 1/26/21 – WP2.1 IAP Payment Recon (short-term)
- 3/18/21 – WP1.2 IAP Validator Tool (long-term)
- 4/27/21 – WP2.2 IAP Payment Recon (long-term)
- 5/13/21 – WP7.2 Employer Information Actuarial Extract
- 6/18/21 – WP5.1 PYE Invoicing Tool
- 6/24/21 – WP7.1 Non-Retired Census Actuarial Extract
- 6/28/21 – WP4.1 IAP Adjustment Calculator

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Revised: June 16, 2021

Senate Bill (SB) 1049 Implementation Road Map

OREGON PERS — PUBLIC EMPLOYEES RETIREMENT SYSTEM

2021-2023 Biennium

	2021						2022												2023					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN

Employer Programs
- 7/16/21 – Project Close

Work After Retirement
- 12/16/21 – WP4 Side Account Credit Allocation
- 2/28/22 – Project Close

Member Redirect (Sept. 17)
- 10/14/21 – WP5 Voluntary Contribution Maintenance – Long Term
- 3/24/22 – WP4.3 EPSA Transaction Display – Long Term
- 7/21/22 – WP6.1 EPSA Retirement – Long Term
- 2/23/23 – WP9.1 EPSA Withdrawal – Long Term →•
- 2/23/23 – WP9.2 Alter OPSRP Withdrawal – Long Term →•

Member Choice
- 8/4/21 – Project Close

Technical Debt
- 7/1/21 – Project Kickoff
- 7/21/22 – WP1 Employer Statements

PROGRAM INITIATIVE

Cross Project Effort
- 2/25/22 – WP3 IAP Divorce Tool
- 5/20/22 – WP5.2 PYE Invoicing Tool
- 6/1/22 – WP4.2 IAP Adjustment Calculator
- TBD – WP6 IAP Balance Comparison Tool
- TBD – WP7.3 Tier One/Tier Two/OPSRP Payouts Actuarial Extract

2023-2025 Biennium

	2023						2024												2025					
PROJECTS	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN

Member Redirect
- 7/20/23 – WP8.1 EPSA Pre-Retirement Death – Long Term
- 2/29/24 – Migration Finalization
- 7/20/23 – WP10 Backlog Implementation – Long Term
- 4/25/24 – Project Close
- 12/14/23 – WP11.1 Reemployment – Long Term
- 12/14/23 – WP11.2 Excess EPSA – Long Term
- 2/22/24 – WP12.2 Final Backlog Implementation – Long Term

Revised: September 16, 2021

Executive Summary

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Assessment Summary
Key Strengths

1 **Leveraging SB1049 PM Methodologies for Technical Debt Planning**

The Program leveraged existing project management methodologies to define scope, schedule, resources and change management for the Technical Debt project. This allowed the Program to make substantive progress in establishing and executing on the Technical Debt project more quickly than the original five projects.

2 **Improved in Project Implementation Capability**

PERS has improved its capability to deliver IT enabled projects since the inception of the SB1049 Program. This is primarily evident in improved resource scheduling, requirement definition, testing execution, release management and organizational change management.

3 **On-time Completion of Three Projects**

The Program completed three of the original five projects on-time by mid-August 2021; specifically, Salary Limit, Employer Programs and Member Choice. This represents the completion of a significant portion of the SB1049 mandate which reduces scope for the Program to manage.

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Assessment Summary
Key Risks

1 **Limited Slack in WAR Schedule**
WAR Work Package 4 is scheduled to complete on 12/16/2021, four days before the year end side account job is scheduled to run. Although WP 4 is tracking against planned milestones, there is limited time to address potential issues before they impact business operations.

2 **Cross Project Effort Development May Not Meet Business Need**
The Cross Project Effort (CPE) depends upon tools, processes and SMEs outside of ORION / jClarety. Many of the CPE tools are being developed by resources who have not had extensive exposure to the ORION / jClarety SDLC process and expectations. This increases the risk that the tools and reports developed for CPE may not support the business need.

3 **Availability of Associate Product Owners**
Associate Product Owners (APO) represent the most significant resource availability risk for the SB1049 Program as they are often required to additionally support initiatives outside SB1049. There is a risk that these resources may become unavailable, which would significantly impact the Program's ability to successfully meet its objectives.

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Assessment Summary
Key Recommendations

1 **Develop Side Account Allocation Contingency Plan**
Develop a contingency plan with pre-defined decision gates (e.g. failed UAT) to proactively manage the risk and implications if WAR WP 4 is not successfully completed on-time.

2 **Communicate Cross Project SDLC Process**
Create a development guide document modeled after the ISD Elaboration Construction and Transition Template. The focus of this document should be on aspects of the CPE tool development process that deviate from ORION / jClarety SDLC processes and ways to address these differences.

3 **Add Organizational Capacity for the Associate Product Owner Role**
Develop a plan and communicate a timeline by when PERS will provide additional organizational capacity for the Associate Product Owner role.

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Risk Assessment Scorecard

	Low	Medium	High

▲ *Overall rating*

Category	Quality Standard		Previous	Current
1. Business Mission & Goals	1.1	Project Fit to Customer Organization	🟩	🟩
	1.2	Project Fit to Provider Organization (PERS)	🟩	🟩
	1.3	Workflow	🟩	🟩
2. Decision Drivers	2.1	Political Influences	🟩	🟩
	2.2	Short Term Solution	🟩	🟩
3. Project Management	3.1	Definition of the Project	🟨	🟩
	3.2	Project Objectives	🟨	🟨
	3.3	Leadership	🟩	🟩
	3.4	Project Management Approach	🟩	🟩
	3.5	Project Management Communication	🟩	🟩
	3.6	Project Manager Authority	🟩	🟩
	3.7	Support of the Project Manager	🟩	🟩
	3.8	Governance	🟩	🟩
	3.9	Risks and Issues Management	🟩	🟩
	3.10	Vendor Management	🟩	🟩
	3.11	Sourcing	🟩	🟩
	3.12	Documentation / Configuration Management	🟨	🟨

Continued on next page

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Risk Assessment Scorecard

Category		Quality Standard	Previous	Current
4. Project Parameters	4.1	Budget & Resource Size	🟩	🟩
	4.2	Cost Controls	🟩	🟩
	4.3	Delivery Commitment	🟩	🟩
	4.4	Program Schedule	🟨	🟩
	4.5	Development Schedule	🟩	🟩
5. Project Team	5.1	Team Member Availability (PERS, Vendors, Other)	🟨	🟨
	5.2	Mix of Team Skills (PERS, Vendors, Other)	🟨	🟩
	5.3	Project Team Productivity	🟩	🟩
6. Organization Management	6.1	Organizational Stability	🟩	🟩
	6.2	Program Organizational Roles and Responsibilities	🟨	🟩
	6.3	Executive Involvement	🟩	🟩
7. Customer / User	7.1	User Involvement	🟩	🟩
	7.2	User Acceptance	🟩	🟩
	7.3	User Training Needs	🟩	🟩
	7.4	User Justification	🟩	🟩
8. Specification & Design	8.1	Requirements Complete and Clear (Requirements Management)	🟨	🟨
	8.2	Testability	🟨	🟩
	8.3	Implementation Difficulty	🟨	🟨
	8.4	Solution Dependencies	🟨	🟨
	8.5	Security Requirements	🟩	🟩

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Risk Assessment Scorecard

Category		Quality Standard	Previous	Current
9. Development Process	9.1	Alternatives Analysis	Yellow	Green
	9.2	Commitment Process	Yellow	Green
	9.3	Quality Assurance Approach (PERS)	Yellow	Yellow
	9.4	Development Documentation	Yellow	Yellow
	9.5	Solution Issues (Defects / Faults / Failures) Tracking	Green	Green
	9.6	Lessons Learned	Green	Green
	9.7	Implementation / Development Methodology	Green	Yellow
10. Development Environment	10.1	Physical Facilities	Green	Green
	10.2	Hardware Platform	Green	Green
	10.3	Tools Availability	Green	Green
11. Deployment	11.1	Solution Capacity / Scalability	Yellow	Green
	11.2	Customer Service Impact	Green	Green
	11.3	Deployment Approach	Yellow	Yellow
	11.4	External Interfaces	Green	Green
	11.5	Reporting and Analytics	Yellow	Green
	11.6	Data Controls	Green	Green
	11.7	Data Model	Green	Green
	11.8	Business Continuity Plan / Disaster Recovery Plan	Green	Green
12. Maintenance	12.1	Design Complexity	Yellow	Yellow
	12.2	Support Personnel	Green	Green
	12.3	Vendor Support	Green	Green

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Appendix

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Senate Bill 1049 Overview

- Senate Bill 1049 was approved by the 2019 Oregon Legislative Assembly on May 30 and signed by the Governor on June 11, 2019.

- SB1049 is comprehensive legislation intended to address the increasing cost of funding Oregon's Public Employees Retirement System (PERS), reduce system Unfunded Actuarial Liability (UAL) obligations, and provide relief to escalating contribution rate increases for public employers.

- The implementation of SB1049 is established as a Program of five related projects within PERS. The five component projects of the SB1049 Implementation Program are:

1. Employer Programs: Effective July 1, 2019, these Employer Programs related sections of the bill clarify and expand the requirements for the Employer Incentive Fund; appropriate $100 million from the General Fund to the Employer Incentive Fund; direct net proceeds from Oregon Lottery Sports betting to the Employer Incentive Fund; allow participating public employers who make larger than $10 million deposits to side accounts to determine when they wish to have these funds included in their employer rate assessment; and require all public employers to participate in the UAL Resolution Program.

2. Member Redirect: Effective July 1, 2020, this section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than $2,500.

3. Work After Retirement: Effective January 1, 2020, this section of the bill allows retirees to work unlimited hours for PERS participating employers in calendar years 2020-2024. It also 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.

4. Salary Limit: Effective January 1, 2020, this section of the bill limits the amount of subject salary for all program members to $195,000 for calendar year 2020. This amount will be indexed annually for inflation based on the CPI. The first adjustment for inflation will occur on January 1, 2021. This is a limit on salary for all plan purposes, including contributions and final average salary, not a final average salary cap.

5. Member Choice: Effective January 1, 2021, this section of the bill allows members to elect a Target Date Fund (TDF) other than the default TDF based on their year of birth. PERS anticipates providing members the opportunity to make elections once a year during a defined time frame.

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Quality Standard Framework

Category		Quality Standard
1. Business Mission & Goals	1.1	Project Fit to Customer Organization
	1.2	Project Fit to Provider Organization (PERS)
	1.3	Workflow
2. Decision Drivers	2.1	Political Influences
	2.2	Short Term Solution
3. Project Management	3.1	Definition of the Project
	3.2	Project Objectives
	3.3	Leadership
	3.4	Project Management Approach
	3.5	Project Management Communication
	3.6	Project Manager Authority
	3.7	Support of the Project Manager
	3.8	Governance
	3.9	Risks and Issues Management
	3.10	Vendor Management
	3.11	Sourcing
	3.12	Documentation / Configuration Management

Category		Quality Standard
4. Project Parameters	4.1	Budget & Resource Size
	4.2	Cost Controls
	4.3	Delivery Commitment
	4.4	Program Schedule
	4.5	Development Schedule
5. Project Team	5.1	Team Member Availability (PERS, Vendors, Other)
	5.2	Mix of Team Skills (PERS, Vendors, Other)
	5.3	Project Team Productivity
6. Organization Management	6.1	Organizational Stability
	6.2	Program Organizational Roles and Responsibilities
	6.3	Executive Involvement
7. Customer / User	7.1	User Involvement
	7.2	User Acceptance
	7.3	User Training Needs
	7.4	User Justification

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Quality Standard Framework (continued)

Category		Quality Standard
8. Specification & Design	8.1	Requirements Complete and Clear (Requirements Management)
	8.2	Testability
	8.3	Implementation Difficulty
	8.4	Solution Dependencies
	8.5	Security Requirements
9. Development Process	9.1	Alternatives Analysis
	9.2	Commitment Process
	9.3	Quality Assurance Approach (PERS)
	9.4	Development Documentation
	9.5	Solution Issues (Defects / Faults / Failures) Tracking
	9.6	Lessons Learned
	9.7	Implementation / Development Methodology (Solution Development / Engineering)
10. Development Environment	10.1	Physical Facilities
	10.2	Hardware Platform
	10.3	Tools Availability

Category		Quality Standard
11. Deployment	11.1	Solution Capacity / Scalability
	11.2	Customer Service Impact
	11.3	Deployment Approach
	11.4	External Interfaces
	11.5	Reporting and Analytics
	11.6	Data Controls
	11.7	Data Model
	11.8	Business Continuity Plan / Disaster Recovery Plan
12. Maintenance	12.1	Design Complexity
	12.2	Support Personnel
	12.3	Vendor Support

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Oregon

Kate Brown, Governor

Department of Administrative Services
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June 28, 2019

Kevin Olineck, Director
PERS
11410 SW 68th Parkway
Tigard, OR 97223

Dear Director Olineck,

In recognition of PERS' information technology responsibilities associated with Senate Bill (SB) 1049, the Department of Administrative Services (DAS) and Office of the State CIO (OSCIO) wish to confirm our commitment to work with your team on the most expedient implementation possible. To date, we have assigned dedicated resources to this work to include an Oversight Analyst and Procurement Specialist to be embedded in the agency as needed. Administrators from OSCIO, DAS Procurement and the Department of Justice are meeting to ensure that respective roles and responsibilities are clearly defined and aligned in support of the SB 1049 effort.

While the PERS budget has yet to be finalized, HB 5032A specifically addresses implementation of SB 1049. What it does not speak to is any relation to PERS legacy system modernization. Given the challenging time constraints associated with implementation of SB 1049, OSCIO is advising PERS to focus first and foremost on the temporary information technology solutions as outlined in package 804:

- Contract services for a database to temporarily manage Employee Pension Stability Accounts
- Contract services for a database to temporarily manage Final Average Salary Limit
- Contract services for a database to temporarily manage Work after Retirement
- Contract services for a database to manage SQL Server database integration services
- Contract services for a third-party administrator to manage Employee Pension Stability Accounts and Employee Contributions

While tempting and admirable from an architecture best-practice perspective, PERS should be intentional in avoiding the conflation of the long-term SB 1049 changes and a much broader legacy system modernization effort (planning or otherwise). Long-term solutions include:

- Contract services to implement Employee Redirect
- Contract services for an actuarial rate projection tool
- Contract services to modify the Employer Data Exchange to validate employee's date of birth

HB 5032A makes reference to several other IT initiatives to include Data Center Migration, Business Continuity and Disaster Recovery and Security and Risk Management. While much of this work has been underway since 2017, PERS is still obligated to demonstrate continued progress and report out to JLCIMT. Given the sheer amount of work associated with SB 1049, DAS and OSCIO are concerned with PERS' capacity to execute on all initiatives, regardless of Package 805, which establishes 33.60 FTE to support the workload of SB 1049. To that end OSCIO advises PERS to confine its IT project portfolio to those efforts lined out in HB 5032A and effectively place on hold any other work not deemed emergent and mission-critical to the agency.

Per the Budget Note listed in Package 804 of HB 5032A, DAS and the OSCIO are to provide oversight of the SB 1049 implementation. Additionally, the project shall adhere to the Stage Gate process. In the spirit of partnership and transparency, we are offering the following information with respect to how we anticipate the procurement and oversight processes to work:

General expectations:

1) PERS will provide logistical support for the embedded Oversight Analyst and Procurement Specialist at the PERS headquarters location, including appropriate facility and Internet access, parking, and workspace (OSCIO will provide the oversight analyst's laptop and cell phone).
2) OSCIO will expedite its review of foundational artifacts, as agreed; however, the full Stage Gate process will be followed.
3) All relevant policies and processes will be followed, with special emphasis on the state IT Investment policy, Cloud policy, Information Security policies and Procurement processes.
4) All contracts shall include developed scopes of work with defined deliverables, utilizing appropriate procurement methods and contract vehicles to promote fairness and transparency while meeting the need for expediency.
5) As referenced in the budget note, PERS will identify all projects within the portfolio that will be delayed as a result of this investment, and which (if any) ongoing projects are critical dependencies to the success of the SB 1049 Implementation Program.
6) PERS will document perceived initial risks related to the successful implementation of SB 1049, and will propose strategies and collaborate with external stakeholders to mitigate those risks.
7) In order to meet the critical deadlines associated with the SB 1049 legislation (including IAP Member Redirect, effective July 1, 2020), PERS must ensure that program plans and target architecture are focused on successful implementation of these requirements, not on longer term technology modernization that may detract from ability to deliver mandated benefits on time.
8) All assumptions will be clearly documented.
9) For each component project, an appropriately detailed alternatives analysis must be completed prior to detailed project planning and execution.
10) Contingency plans and the ability to rollback system changes must be explicit considerations for implementation planning.
11) Appropriate professional program/project management expertise, based on the Project Management Institute's Project Management Book of Knowledge, will be utilized throughout the execution of program activities.

12) An independent Quality Management Services (iQMS) vendor will be promptly engaged, and will provide services for the duration of the SB 1049 implementation effort.
13) Program and project oversight requirements will be elaborated as appropriate throughout the program planning and implementation process
14) A clear governance model will be presented for OSCIO review and approval (as a component of the Program Management Plan)

Required program artifacts for initial OSCIO (Stage Gate 1) endorsement:

1) Acceptable IT Investment form
2) Business Case (for overall program including mandated benefit delivery)
3) Program Charter (including component projects and program governance model)
4) Risk Assessment (Initial): To be elaborated during program planning
5) Program Management Plan (Initial): To be elaborated during program planning

Following Stage Gate 1 endorsement for the program, PERS will be required to meet oversight requirements for the component projects (typically Stage Gate 2 through 4) based on OSCIO's determination and specific documentation requests from the assigned IT Oversight Analyst.

Please let us know if additional follow up is desired or additional questions arise. Thank you.

Sincerely,

Katy Coba
DAS Director|Chief Operating Officer

Terrence Woods
State of Oregon Chief Information Officer | OSCIO

Oregon

Kate Brown, Governor

MEMORANDUM

To:	Kevin Olineck, Executive Director Public Employees Retirement System
From:	Terrence Woods, State Chief Information Officer Department of Administrative Services
Date:	December 12, 2019
Subject:	Oregon Public Employees Retirement System Senate Bill 1049 Implementation Program

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 *PERS SB 1049 Implementation Program* is comprised of five separate projects, with staggered delivery timeframes, through the 2019-2021 biennium. A budget note attached to the 2019-2021 PERS appropriation bill (House Bill 5032) provided additional guidance to PERS and Enterprise Information Services (EIS). EIS has stationed an Oversight Analyst on site at PERS in order to expedite project initiation and planning reviews.

Though substantial progress has been made, the SB 1049 Implementation Program continues to struggle to complete foundational planning activities and baseline documentation. The Oversight Analyst has observed that organizational culture and dynamics are biased against time-sensitive project delivery of mandated outcomes and that requisite skillsets and crucial roles required for a project of this size are not part of the staffing plan. Through a series of conversation between PERS and EIS, agency leadership has acknowledged that the addition of specific resources would be welcome. To that end, PERS is directed to work with EIS and DAS Procurement Services to solicit professional services from a qualified firm to provide additional resources in support of program management and project execution. Expected roles to be fulfilled include:

1. **Program Director**
   a. Serve as an advisor to the Executive Sponsor (PERS Director) on program implementation
   b. Provide leadership, direction and consulting on Program Management roles, responsibilities and methodologies
   c. Work with the Business Owner and Program Management staff to complete critical project planning and execution tasks to ensure successful program and project delivery
   d. Provide formal recommendations to address organizational issues related to project delivery, business ownership and solution development

2. **System Integration Lead**
   a. Program Definition: Assist in finalizing the target architecture and program roadmap to transition to the future state (including transition architectures)
   b. Migration Planning: Work with Program Management staff and the PERS EA team to define program dependencies and boundaries and ensure stakeholder concerns are addressed
   c. Implementation Governance: Perform monitoring and support to ensure alignment with target architecture and delivery of the intended business benefits

3. **Additional Project Implementation Resources** (as needed, based on identified gaps)
   Dependency: Completion of the program schedule
   a. Subject-matter expertise related to specific solution architecture components
      (Example: Infrastructure Architect)
   b. Additional resource capacity (BAs, Developers, etc.)

Sincerely,

Terrence Woods
State Chief Information Officer

ID#	Program/Project	Date Added	jClarety Technical Debt Issues	SB1049 impact	Ramifications of doing nothing	Cost Impacts	Status	Notes
1	Program	11/16/2020	jClarety code base is a couple decades old consisting of millions of lines of code. Legacy code was created under tight timelines and was not well structured for maintenance and enhancement nor did it follow best practices. The application has had many mandated modifications over the years and developers had to work around design issues to implement required changes. Priority for resolving technical debt, design issues and keeping technology stack current has taken a back seat to other priorities. The result is a system that takes in-depth experience and deep analysis skills to make any significant design changes. Modification to code base requires additional analysis and regression testing doubling the time required to validate that modifications do not create a regression problem. Approximately 8 to10% is dead code left over from previous states pension system implementations and is no longer used.	SB1049 requirements may require resolving issues with legacy code by refactoring code, resolving poorly written routines and removing unused code in order to create code and results that are understood and accurate. Analysis and testing time is greatly increased due to the technical debt left unresolved in the legacy code base. New developers and contractors require significant training to understand the complex OPERS pension system and supporting IT implementations.			In Progress	New code and modifications require code quality review process to ensure solutions don't add to the existing technical debt issues
2	Program	11/16/2020	jClarety was never designed to manage the IAP plan and there are several gaps in the management of IAP plan data, especially when it deals with benefit accounts for alternate payees.	Some of the IAP plan deficiencies will need to be addressed during SB1049 to process mandated requirements. One significant area is resolving the missing IAP plan Alternate Payee account id's to track funds for these members. Workarounds were used for the simpler plan prior to SB1049.			Not Started	
3	Program	11/16/2020	IMS application code is old and deprecated. This application is required to be migrated to EAP to maintain supportability for the agency.	SB1049 is requiering some modifications to this application. The code is old, poorly wriotten and created with out of date tools. Requires migration and updates to support any required modifications.			In Progress	
4	Program	11/16/2020	Control" logs and error logs are inadequate, unsuitable for monitoring processes, resolving issues or facilitating auditing.	Traceability of data transaction in jClarety are complex and with added complexity to the tracking of IAP funds it may be necessary to resolve some of the logging inadequacies to provide trouble shooting and analysis to ensure data and processing accuracy.			Not Started	
5	Program	11/16/2020	jClarety Middleware & JDK upgrade from out of support IBM WAS to Red Hat jBOSS EAP	Required to integrate with the long term Member Redirect services System Requirement Solution. Supports the requirement to maintain supportable jClarety technology.			Completed	Deployed 2/15/2020
6	Program	11/16/2020	STRUTS 1.0 to current version of STRUTS V2.5	SB1049 OMS interface System Requirement Solution requires STRUTS V2.5. Also flagged as an out of date upsorted version by security audit requiring resolution.			In Progress	Development complete, in fucntional regression testing.
7	Program	11/16/2020	MS SQL 2014 to 2017	Current version of SQL has issues with performance and is required to be upgraded to be compatible with the proposed SB1049 Mbr. Redirect System Requirement Solution. Upgrade will improve performance of batch to maintain processing with in the designated batch runtime window. SB1049 will add additional data processing , depending on batch job runtimes some of the poorly written batch jobs may also need to be re-written to maintain expected uptime service levels specified by the agency.			In Progress	Data warehouse and the SB1049 EPSA service is running on SQL2017. jClarety will be required to update SQL2014 to SQL2017 jClarety upgrade TBD
8	Program	11/16/2020	HTML4 is not supported by modern browsers and requires an update to HTML 5 to be compatible. HTML 5 is required for mobile phone support	SB1049 requirements for OMS requires HTML as a part of the design solution			Not Started	
9	Program	11/16/2020	Application performance issues with log4j V1 requires upgrade to V2	SB1049 added processing requirements may impact performance and one way to improve performance is to update log4j to the latest version. Peer pension system has shown improved performance of their application when this upgrade was completed.			Not Started	
10	Program	11/16/2020	jClarety Reporting Services Update Oracle SQR to MS SSRS reporting	SB1049 system solution design requires SSRS technology deployment to support new reports and letter generation. The decades old Oracle SQR technology is very difficult to create new and/or modify existing letters and reports. Knowledge for working with SQR is scarce and requires a significant learning curve for new developers.			Not Started	
11	Program	11/16/2020	SD20 and SD21 have multiple issues, error handling and improved control reports. Since manadated federal changes for reporting the SD21 processing requirements and amount of data created has greatly increased causing it to run for several hours impacting the batch window. Some work has been done to improves this.	SB1049 will impact this core batch job and may require some redesign work to resolve increased data processing performance issues.			Not Started	
12	Program	11/16/2020	The added requirements of SB1049 has more than doubled the database growth from 10-15% to more than 30% per year	Running out of disk space.			Not Started	TOS put a gap measure in place by purchasing a new SAN, but the infrastructure upgrades have been put on-hold to address dated HW due to the mandate to move the datacenter to Salem
13	Employer Programs	5/1/2020	Require replacement for existing Employer Rate Projection tool to adequately support the UALRP	Need to provide a new tool to support UALRP properly	The employers could continue to use the current UALRP tool, but it would not provide accurate information for them. The current tool was built by a staff member of the Actuarial Team and the changes introduced by SB1049 would have been very difficult to incorporate into the existing tool.		In Progress	The California PERS "Pension Outlook" tool was chosen and development efforts are underway.
14	Employer Programs	11/16/2020	Side Account Balance are not computing according to Milliman's recommendations and functionality around how jClarety offsets ER rates with side accounts is not documented or well understood.	This issue can cause side accounts to deplete when they should not, driven by additional new contributions coming from WAR wage codes and significantly more side accounts due to EIF.	G/L reconciliation on Side Accounts to Milliman's actuarial valuation reports is an annual manual process. Errors that are not caught by staff can cause an audit finding or lead to side accounts depleting sooner than expected by the ER.		In Progress	A report is being developed to help FSD track and manually adjust side accounts based ONLY on the changes made to GL by the WAR project.
15	Salary Limit	5/1/2020	FAS (Final Average Salary)	Complex rules (and ongoing policy change) make updating coding time consuming and difficult. There are also a large number of defects and missing functionality around FAS that steps too close to needing full modernization in the system to resolve. The SB 1049 project team evaluated the needs and decided to go with reports to satisfy the needs of the calcuation team regarding FAS until modernization can be done to the entire calculation functionality.	Incorrect benefit payments		Closed	Mitigated - through manual tools and overrides
16	Salary Limit	5/1/2020	Proration	Tier 1 and Tier 2 were added to proration. OPSRP existed, but was done in an offline process and never programmed into jClarety. Attempting to introduce proration programmed into jClarety would require so much modification and defect resolution in the calculation functionality that it was more modernization than anything else. SB 1049 staff have decided to continue the manual process already established for OPSRP proration and expand it to include Tier 1 and Tier 2 and tackle this programming lift outside of SB 1049 work.	Incorrect benefit payments		Closed	Mitigated - using reports and tools to get around the defects
17	Salary Limit	5/1/2020	CR #23998 New Activity for Salary Limitations (IRS)	Need ability to add Salary Limit information without the need for an annual DCR			Closed	Resolved with the 11/19 deployment (WP3) SB 1049 solution is to add UI for jClarety for staff to add salary limit amounts for each plan and eliminate the need for the yearly DCR.
18	Salary Limit	5/1/2020	CR #20991 W&C Annual Compensation calculation is incorrect - IRS Salary Limit	jClarety does not include the correct salary components when calculating the limit, creating incorrect determinations on accounts. It prevents the correct validation messages from appearing for Employer Reporting and puts a lot of extra work on staff during a benefit calculation to fix errors that were missed due to this defect.			Closed	Resolved with the 11/19 deployment (WP3)
19	Salary Limit	11/16/2020	Migration to hosted cloud environment does not support Visual Basic for Applications (VBA)	Business Sponsor will identify the important role of the Final Average Salary (FAS) Validation tool, which is written with VBA	Business Sponsor will identify the important role of the Final Average Salary (FAS) Validation tool		Not Started	Dale Lucht would make this development request a requirement for the Office 365 migration plan, . Identified by Michael Probasco - DAS has indicated that the department will migrate by the end of the biennium (June 30, 2021)
20	Member Redirect	5/1/2020	CR# - 18181 – missing OPSRP AP functionality	Lack of Separate Benefit functionality for OPSRP Alternate Payees (APs) means OPSRP processing for those accounts will need to be manual, as they are currently for pension benefits (i.e. manual checks); this CR has been analyzed and had an estimate done many years ago, however, had not been prioritized prior to SB 1049	Need to adjust OPSRP AP benefits for EPSA manually; if there is EPSA excess will need manual check even after that functionality exists for members		Not Started	will be addressed in future via modernization
21	Member Redirect	5/1/2020	EPSA Identifier	No account ID exists for AP and Bene for EPSA; decision was made to tie to IAP account ID, which requires additional work to create those IDs. EPSA will also need to be applied to pension benefits for APs and Beneficary accounts, even though it will be tied to an IAP account ID. Connects to EPSA identifier; Beneficiaries do not currently get their own ID to track account balances (T1/T2) for pension benefits; OPSRP pension does not track account balances at all for either AP or Beneficiaries	Not being able to accurately track EPSA balances for APs and Beneficiaries; not being able to apply EPSA benefits to AP or Beneficiary pension benefits; no way to pay EPSA Excess to AP or IAP beneficiary.		In Progress	There are several policy questions that need to be answered. After those questions are answered, the project team will need to decide on a multi-phased implementation or a single implementation.
22	Member Redirect	5/1/2020	CR #20850 - OPSRP functionality	This is a very large CR that has also had pieces broken off to try to fix smaller chunks. The smaller chunks are also still unresolved. jClarety was programmed to serve the needs for Tier 1 and Tier 2 accounts, with the most basic of functionality for OPSRP. For OPSRP members, we have defects around nearly every aspect of the member life cycle, making changes to any aspect of the plan difficult to enact. As all the pieces connect to other pieces of functionality, it's been deemed to large to pick up for normal M&E.	Every time a new bill passes, or a statute or administrative rule is updated, that affects OPSRP we have to determine if we have the functionality in the system to handle the change or if we are running into either this large CR, or #18181 (mentioned above). There are things we cannot accurately provide to members, such as basic things like correct account statuses, correct service time, accurate membership information (LOM dates, CSD dates), etc due to the lack of OPSRP functionality.		Not Started	will be addressed in future via modernization
23	Member Redirect	5/1/2020	Online Member Services (OMS) UI Update	Existing known defects to various areas of OMS make this tool not as useful as it could be for members. Programming around the estimate functionality has many defects, making member-created estimates unreliable. Security is also a big issues, where password resets are problematic, security tracking isn't working correctly and the EAP release seems to have created more defects. The external sites do not connect with active directory (these same items impact EDX and TPA)	As PERS attempts to drive members towards OMS and offer more services there, security and password issues are a big impact. The more members we drive there, the more will use the items we do have available, that we know don't provide accurate information. We want members to trust the data and tools that PERS provides via OMS as we expand on the functionality available there.		In Progress	WP5.2, slated for January 2021 deployment. The work being done is to upgrade OMS to HTML5, make all security risk fixes identified by the security office and audits, and implement any required SB1049 functionality. This will separate the OMS functionality into a new application, entirely separate from the rest of Self Service. 11/16/20: Policy determination that the EPSA account isn't eligible for an AP split, which helps PERS with this issue. Beneficiaries are still going to need this effort, so it's still needed.
24	Member Redirect	5/1/2020	Employer Data Exchange (EDX) security issues	Employers (ER's) cannot reset their own password, can't track security we should be tracking, some items broke with EAP release. (same with OMS) (item 5 on Jim's list). External sites don't connect with active directory	This is how we get the data from employers that support and drive other benefits to all members. We need a reliable, secure portal for employers or reporting of data suffers.		Not Started	Being evaluated and will be proposed as a CR

#	Category	Date	Title	Description	Impact/Risk	Status	Notes
25	Member Redirect	5/1/2020	Not having IAP in-house	We don't have any solution for monitoring, correcting, reconciling, viewing, and accurately reporting of IAP data, balances or statuses. IAP data is kept by Voya's record keeping system, but it's still up to PERS to administer the rules and law surrounding the program. SB1049 has significant impacts to IAP bill which highlights the lack of functionality we have with IAP (approximately 80% of processes are manual). The bill has new components of IAP: Voluntary Contributions, EPSA payouts at death, IAP redirected money, as well as other project impacts. Tools have been built by ISD and OTS to help staff fill in the gaps in ORION. Some of these tools were built in the very early days of the pension programming in jClarety, so are built on outdated languages and lack proper security and structure around them. Updating them for changes is also difficult and time consuming. SB is also creating a need for new tools to be built to track new elements (such as Voluntary Contributions), as well as provide better visibility of postings between PERS and Voya for existing processes, so the dependency on offline tools continues to grow.	IAP processing will remain difficult, inaccurate and slower than if we had an integrated system with pension. Current tools will need to continue to be updated to meet the changing IAP landscape, with many needing to be fully rebuilt in a new programming language, but still not being able to fully help staff with the main root of the problem. Off-line tools that support the IAP process that are affected by Redirect are: IAP Disbursement Database SQL Server Integration Services IAP Validator Tool IAP Adjustment Calculator IAP Divorce Tool PYE Invoicing Tool Payment Recon	Not Started	This will be part of the long-term strategy and solution, which is currently begin elaborated.
26	Member Redirect	11/16/2020	IAP Balance & Installment Calculator	There was a lack of specification documentation around how the current tool worked and what platform it was located on. Business indicated several needs based on legislative changes that caused current functionality to be inaccurate for all members, as well as overall ease for member experience.	Some items that could have a negative risk on the project are the following: • Not updating the tool could create distrust with members because the tool doesn't work or have the ability to calculate their IAP benefit for retirement. • Confusion of having a tool that only works for some members but not all, based on their specific criteria. • Increased phone calls to MIC to explain the deficiencies in the tool and walk members through how to use the tool and or take customer complaints because the tool doesn't work for all members.	In Progress	CR Application being submitted to Sam Paris
27	Member Choice	5/1/2020	Not having IAP in-house makes several aspects of Redirect harder to implement	We don't have any solution for monitoring, correcting, reconciling, viewing, and accurately reporting of IAP data, balances or statuses. IAP data is kept by Voya's record keeping system, but it's still up to PERS to administer the rules and law surrounding the program. SB1049 has significant impacts to IAP which highlights the lack of functionality we have with IAP (approximately 80% of processes are manual). The bill allows members to make their own investment fund choice, as well as having other project impacts. Tools have been built by ISD and OTS to help staff fill in the gaps in ORION. Some of these tools were built in the very early days of the pension programming in jClarety, so are built on outdated languages and lack proper security and structure around them. Updating them for changes is difficult and time consuming. All identified issues will not be dealt with completely until modernization can be done to the entire IAP funtionality.	IAP processing will remain difficult, inaccurate and slower than if we had an integrated system with jClarety. Current tools will need to continue to be updated to meet the changing IAP landscape, with many needing to be fully rebuilt in a new programming language, but still not being able to fully help staff with the main root of the problem. Off-line tools that support the IAP process that are affected by Member Choice are: IAP Disbursement Database SQL Server Integration Services IAP Validator Tool IAP Adjustment Calculator IAP Divorce Tool PYE Invoicing Tool Payment Recon TDF Validation Tool	Not Started	Will be addressed in future via modernization
28	WAR	5/1/2020	Missing OPSRP Retirement Applications	The programming for the WAR wage code 07 suspension and new wage codes requires a specific status to trigger either the suspension or, after WP2, the G/L transactions for the new wage codes.	Employers will not be invoiced for the SB WAR retiree wages.	Not Started	This coding is being reviewed and, if possible, rewritten.
29	WAR	5/1/2020	OPSRP Return to Work Issue (ties to 20850)	This is a jClarety error that has been happening for some time. When an OPSRP retiree returns to work, jClarety put the account into an Active Status. That status has to be manually removed to allow normal retirement processes to happen automatically.	Since OPSRP retirees can only work under 600 hours prior to SB1049, an increased amount of OPSRP retirees returning to work is anticipated which will increase what is already a manual workload.	Closed	Resolved with the 11/19/2020 deployment for WP2.
30	WAR	5/1/2020	Benefit Account Status transition errors	Recipient accounts and Benefict accounts are not transitioning the same way, which can cause issues with knowing if someone is retired and throwing the correct errors when ER's are reporting wages	Impactful when we are now applying invoices to certain retiree salary for employers. PERS' uncertainty of statuses in our system can create issues for the employers with incorrect billing.	Not Started	Currently evaluating the impact this will have. This became more apparent during the construction of WP2.
31	WAR	5/1/2020	238 Disability Retirees WAR hours	238 Disability Retirees have different limitations and require different wage code, but due to 1049 there are further complexities with identifying accts or communicating with ER's. Disability is excluded from SB, therefore excluded from limits and ER invoices.	Not being able to accurately call out a disability member to an ER, or PERS accurately identifying the accounts as disabled makes ER reporting more difficult.	Not Started	Currently evaluating the impact this will have. This became more apparent during construction. We are attempting to mitigate this by including additional language into the validation messages for ER's. Holding for PACS response to determine if we legally can do this.
32	WAR	5/1/2020	RHIA credits posting incorrectly to ER statements, jClarety receivables by ER may not be correct	Allocation and receivables/payables for RHIA could be incorrect	Not being able to accurately determine amounts due by employers for unpaid RHIA invoices.	Not Started	