

ANALYSIS

Item 52: Public Employees Retirement System/Department of Administrative Services Implementation of Pension Benefit Changes

Analyst: John Borden and Sean McSpaden

Request: Acknowledge receipt of a report on the status of HB 4045 (2024) implementation.

Analysis: The budget report for SB 5534 (2025), the primary budget measure for the Public Employees Retirement System (PERS), included the following budget note:

The Public Employees Retirement System and the Department of Administrative Services - Enterprise Information Services (DAS-EIS) are directed to jointly report to the Interim Joint Committee on Ways and Means in January 2026, on the status of the agency's implementation of HB 4045 (2024).

Background

HB 4045 (2024) lowered the Oregon Public Service Retirement Plan (OPSRP) Police and Fire retirement age from 60 to 55 for members with less than 25 years of service; prospectively recategorized elected district attorneys from General Service to Police and Fire members in the Tier One, Tier Two, and OPSRP pension plans; and prospectively recategorized Oregon State Police (OSP) forensic scientists and evidence technicians, at the discretion of the OSP Superintendent, in Tier One, Tier Two, and OPSRP pension plans from General Service to Police and Fire members. These changes became effective January 1, 2025. Beginning January 1, 2030, the measure also directs PERS to establish a new “hazardous position” classification within the OPSRP pension plan. PERS is required to submit biennial reports to the Legislature on the progress of implementing the hazardous position classification up until January 2, 2030. The measure was originally expected to be implemented over four biennia, 2023-25 to 2029-31, with an initial cost estimate of \$22.6 million.

The full implementation of HB 4045 was specifically timed around the implementation of a PERS modernization program (see Item #53 PERS Modernization Program Status). In June 2025, PERS decided to pursue a Commercial-Off-the-Shelf (COTS) Pension Administration System (PAS) solution rather than continue to rearchitect and modify the existing PAS (ORION/jClarety), as had been originally contemplated in February 2024. More recently, the PERS Executive Leadership Team and the Modernization Program’s Executive Steering Committee voted to extend the end date of the COTS PAS project from June 30, 2031, to December 31, 2034.

PERS’ decision to acquire and deploy a COTS PAS solution has budget, schedule, and operational implications for the implementation of the “hazardous position” classification

component of HB 4045, as the original timeline that aligned the modernization of the PERS PAS with an automated solution to meet HB 4045 requirements is no longer valid. Instead, PERS' recommended solution is a two-phased approach involving modification of the existing pension administration system (ORION/jClarety) only to the extent required to minimally meet the "hazardous position" classification requirements outlined within HB4045 and then later full implementation and automation of the "hazardous position" classification related functionality within the new COTS PAS.

Scope, Schedule, and Budget

The scope, schedule, and budget for the implementation of the "hazardous position" classification component of HB 4045 is currently indeterminate and is primarily dependent upon two factors: (a) updating the existing ORION/jClarety PAS; and (b) the acquisition, configuration and deployment of the COTS PAS solution. As noted, the PERS Executive Leadership Team and the Modernization Program's Executive Steering Committee recently voted to extend the end date of the COTS PAS project to December 31, 2034.

The 2025-27 legislatively adopted budget for the implementation of HB 4045 totals \$7 million and four positions (3.88 FTE). PERS projects to spend only \$4.5 million, or 65%, of this amount. However, it is important to note that the original implementation plan budget does not account for either the shift to modifying the existing ORION/jClarety PAS (short-term solution) or the potential costs, duration or complexity relating to HB 4045 implementation within the COTS PAS solution. PERS has completed or anticipates completing HB 4045 changes as follows:

- Recategorized Elected District Attorneys and Recategorized Forensic Scientists and Evidence Technicians as Police and Fire: effective for retirements on or after January 1, 2025; implemented prior to January 1, 2025.
- Lowered the Oregon Public Service Retirement Plan (OPSRP) Police and Fire retirement age from 60 to 55 for members with less than 25 years of service; Phase 1 was implemented as a manual processing approach and completed on December 23, 2024. Phase 2 is automated functionality in ORION/jClarety PAS with full implementation by January 15, 2026. The budget totals \$3.6 million, of which \$2.3 million is projected to be expended in the 2025-27 biennium.
- Hazardous Position Classification: effective January 1, 2030; PERS is still in the initiation phase for this change. Planning, analysis, and design work for the hazardous position classification will begin once the Police and Fire Age Change project is completed. The budget for the planning, analysis and design work is reported as \$3.5 million, of which there have been no actual expenditures to date, with projected expenditures of \$2.3 million in the 2025-27 biennium. However, PERS reports that contract negotiations have yet-to-be finalized for modification of the existing ORION/jClarety PAS solution as that is dependent on the outcomes of the planning, analysis and design efforts.

Oversight

The HB 4045 program does have an Independent Quality Management Services (IQMS) vendor that produces quarterly risk assessments and evaluates technical work products for quality assurance and assesses project schedules, costs, functionality, reliability, security, and other relevant quality standards; however, this effort currently excludes the hazardous position classification project. In its most recent quarterly report, IQMS indicates that for the Police and Fire changes, there are five risks categorized in yellow status (medium risk) with none in red (high risk) status. But IQMS has not yet completed an initial risk assessment or undertaken ongoing health and status reporting on the hazardous position classification project. PERS is also routinely producing program status reports for the Police and Fire project. Status reporting for the Hazardous Position classification project has just begun.

In addition, the Department of Administrative Services - Enterprise Information Services (DAS-EIS) and the DAS - Chief Financial Office are providing Executive Branch oversight of the program. However, DAS-EIS is conducting oversight and Stage Gate Oversight approval at the project rather than the program-level and currently only for the Police and Fire changes. This makes it difficult to understand key relationships between projects and the program, and particularly the status of the hazardous position classification project. DAS-EIS is tracking the following three project risks associated with the Police and Fire pension changes: (1) insufficient resources dedicated to user acceptance activities; (2) limited project staffing resources due to multiple, concurrent projects; and (3) insufficient product owner team capacity limiting the engagement in project objectives and outcomes.

Risk and Areas of Concern

Substantive changes to the scope of work needed to complete the PERS Modernization Program are expected to materially extend the scope, schedule and budget for the Hazardous Position Classification component of HB 4045 implementation. As noted in its status report, PERS has just begun initiation efforts of this component, which will consist of planning, analysis, and design efforts to build out the business requirements needed to implement this new member classification by January 1, 2030. However, this is a stopgap within the existing PAS, which will be followed by final implementation within the new PAS either prior to or just after its deployment. Successful implementation of these interrelated programs will require a clear governance structure, involvement of key stakeholders in the decision-making process, formal project management, and coherent and effective oversight from DAS-EIS moving forward.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means acknowledge receipt of the report.

Request: Report on the status of the implementation of House Bill 4045 (2024).

Recommendation: Acknowledge receipt of the report.

Discussion: Senate Bill 5534 (2025) included a budget note requiring the Public Employees Retirement System (PERS) and the Department of Administrative Services (DAS) Enterprise Information Services (EIS) to report to the Interim Joint Committee on Ways and Means in January 2026 on the status of the agency's implementation of House Bill 4045 (2024). House Bill 4045 introduced three major changes:

1. Reclassification of elected District Attorneys, Forensic Scientists, and Evidence Technicians as Police and Fire members. These provisions prospectively recategorized elected district attorneys from General Service to Police and Fire members in Tier One, Tier Two, and Oregon Public Service Retirement Plan (OPSRP) pension plans, which will provide higher benefit multipliers and a lower normal retirement age for these members effective January 1, 2025.
2. Lowering the normal retirement age for Police and Fire members. The normal retirement age changed from the earlier of age 60 or age 53, if the member has 25 or more years of retirement credit to the earlier of age 55 or age 53, if the member has 25 or more years of retirement credit.
3. Establishment of a new Hazardous Position classification. The new Hazardous Position classification will provide higher benefit multipliers and a lower normal retirement age for qualifying members effective January 1, 2030.

PERS organized its efforts to implement House Bill 4045 into two projects: 1) Police and Firefighter Age Change and 2) Hazardous Positions. PERS has prioritized implementation of the Police and Firefighter Age Change project due to its earlier effective date.

Police and Fire Age Change implementation: This provision became effective for retirements on or after January 1, 2025. Because members could apply for retirement up to 90 days in advance, PERS implemented a manual processing approach (Phase 1), which was completed on December 23, 2024. Phase 2, which includes system programming needed to support processing these applications moving forward, received Stage Gate 3 endorsement in July 2025. PERS is currently completing Stage Gate 4 deliverables and expects full implementation by January 15, 2026.

Hazardous Position Classification implementation: Because this provision does not become effective until January 1, 2030, PERS is still in the initiation phase for this change. Planning, analysis, and design work for the hazardous position classification will begin once the Police and Fire Age Change project is completed.

Budget:

- PERS received \$2 million Other Funds expenditure limitation for the Police and Fire Age Change implementation in its 2023-25 Legislatively Approved Budget (LAB). Given the short timeline to implement the changes required by the bill, PERS was unable to onboard as many positions as anticipated to implement the change and instead utilized existing staff and leveraged IT Professional Services from contractors. As a result, the Agency underspent its budget for the project by approximately \$1.2 million.
- PERS received an additional \$7 million Other Funds expenditure limitation to support both the Police and Fire Age Change and the Hazardous Position Classification projects in its 2025-27 LAB. The Agency projects to spend \$4.5 million of its budgeted amount for 2025-27 across both projects, a variance of \$2.5 million.

Independent Quality Assurance: PERS contracted Gartner Inc. to provide Independent Quality Management Services (IQMS) for both projects. As of October 2025, 53 of 58 risk areas reviewed were rated green (on track), with five in yellow, meaning they require attention. PERS has incorporated recommendations to reduce risks and improve project execution.

Current Project Risks and Mitigation: Resource management remains the highest risk to implementation efforts. In response, PERS is enhancing project management capabilities and tools, including providing project managers with enhanced training on incorporating enterprise and program level activities and new project management tools into their work streams.

Request: Report on the status of implementation of House Bill 4045 (2024).

Recommendation: Acknowledge receipt of the report.

Discussion: The Department of Administrative Services Enterprise Information Services (EIS) has provided a report as required in a budget note from Senate Bill 5534 (2025) related to the implementation of House Bill 4045 (2024), which directed the Public Employees Retirement System (PERS) to make changes to the pension administration system. Due to the scope and scale of the system changes to be made, PERS is required to have approvals through the EIS Stage Gate process.

The report provided identified two primary areas of system changes needed to implement House Bill 4045 (2024), including:

- Age change for the Oregon Public Service Retirement Plan Police and Fire (OPSRP P&F) members, and
- Establishing a new hazardous position member classification.

Due to the extended timeline for the new hazardous position member classification (effective January 1, 2030), PERS just recently submitted initial documentation to EIS for review. Therefore, it had not been fully reviewed and was not included in the report.

As reported, PERS is making progress on the system changes needed to implement the age change for OPSRP P&F and has been able to advance the timing of project closure from December 2026 to April 2026 through proficiencies developed in the project. PERS has developed good governance over the project and is taking a proactive approach to risk management. The Agency is also engaged with an independent quality management services vendor for additional oversight. EIS reports that PERS is monitoring over 50 open risks, but there are no major issues currently outstanding. EIS also noted that the PERS project manager is working closely with EIS staff and following best practices for a project of this scale.



Oregon

Tina Kotek, Governor

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December 8, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Tawna Sanchez, Co-Chair

Interim Joint Committee on Ways and Means

900 Court St NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Subject: Senate Bill 5534 (2025) PERS Budget Note Report Regarding HB 4045 (2024)

The Joint Committee on Ways and Means approved Senate Bill 5534 (2025) with a budget note requiring PERS and Department of Administrative Services (DAS) Enterprise Information Services (EIS), to report to the Interim Committee on Ways and Means, in January 2026, on the status of the agency's implementation of House Bill (HB) 4045 (2024).

In accordance with that budget note, PERS is reporting on agency implementation of HB 4045. PERS continues to collaborate with Enterprise Information Systems at the Department of Administrative Services, as well as other state agencies and affected parties on implementation of this complex piece of legislation. DAS EIS will submit its report on our efforts separately.

This report includes information on the following:

- Update on project scope, schedule, and budget.
- Current project risks, likely impacts, and mitigation strategies.
- Independent quality assurance reporting.
- Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project.

Agency action

PERS is fully engaged in ensuring that all elements of this bill are implemented and operational.

The following reports on the above-noted elements.

Background

HB 4045 was passed on March 5 and signed by the Governor on April 17, 2024, with an effective date of January 1, 2025. There were three main provisions that were within the bill.

Including District Attorneys as Police and Fire PERS members, as well as Forensic Scientists and Evidence Technicians at Oregon State Police

These provisions prospectively recategorized elected district attorneys from General Service to Police and Fire members in Tier One, Tier Two, and Oregon Public Service Retirement Plan (OPSRP) pension plans, which would provide higher benefit multipliers and a lower normal retirement age. Applies to active and inactive nonretired members. This benefit became effective for service on and after January 1, 2025.

Oregon Public Service Retirement Plan Police and Fire Retirement Age Change

This provision prospectively lowered the normal retirement age for police officers and firefighters under the Oregon Public Service Retirement Plan. The normal retirement age changed from the earlier of age 60 or age 53 if the member has 25 or more years of retirement credit to the earlier of age 55 or age 53 if the member has 25 or more years of retirement credit. This provision applies to active and inactive nonretired members. An inactive member is a member who is not employed in a PERS-eligible position but who retains a vested right to a future PERS retirement benefit due to prior PERS-eligible employment. This benefit became effective for retirement dates on and after January 1, 2025.

New Hazardous Position classification

Established a new Hazardous Position member classification within the OPSRP pension plan with a higher benefit multiplier and earlier normal retirement eligibility than OPSRP General Service members.

The final average salary benefit multiplier would be 1.8% of pay for service accrued in the new Hazardous Position classification. The normal retirement age would be the earlier of age 60, or age 58 with 25 years of retirement credit.

Membership in the new classification currently includes: (a) Employees of the Oregon State Hospital who have direct contact with patients (the exact membership in that employee group is undefined by the measure); and (b) Telecommunicators under ORS 181A.355. This new classification becomes operative on January 1, 2030.

Members in this new classification can use retirement credit in what is now considered a Hazardous Position from January 1, 2019, onward to establish retirement eligibility as a Hazardous Position member. This benefit applies to active and inactive nonretired members. As with other member classifications, the Legislature can add positions to the statute that they believe meet the definition of Hazardous Position. After that, it is up to employers to properly classify and report their employees as Hazardous Position members.

For the Oregon State Hospital members in this classification, the employer has indicated that they will be further defining which of their employees have direct contact with patients. Tier One or Tier Two members do not qualify for participation in the Hazardous Position classification, even if their position would otherwise qualify. The PERS Board is required to separately establish the pension liability of employers for the Hazardous Position classification and charge

employer contribution rates accordingly. The measure allows PERS to act on the new Hazardous Position classification change before January 1, 2030.

Reporting requirements in the bill

HB 4045 requires PERS and its actuaries to study the likely liability of participating public employers for members in Hazardous Positions, including recommendations for implementation of benefits for members working in Hazardous Positions, and report the results and recommendations of the study to the interim committees of the Legislative Assembly related to public employee retirement no later than September 15, 2028.

The bill also requires PERS to report each odd-numbered year regular session to a committee of the Legislative Assembly related to public employee retirement on progress toward implementing the portions of the bill related to creating the Hazardous Position member classification.

Approach to implementation

Different provisions of the measure required the agency to develop short- and long-term plans to adjust the existing technology infrastructure for the retirement system that supports more than 900 public employers and 422,000 members and their beneficiaries.

System functionality is being developed thoughtfully and methodically to maintain the functional capabilities related to existing employer and member interfaces and data, while also analyzing, designing, and implementing new HB 4045 mandated capabilities for data needs (known and unknown), multiple accounts per member, complex benefit calculations, and all associated accounting and financial reporting requirements.

Additionally, communication strategies were established to share appropriate messaging with affected parties. Members need to understand any impact to their benefits. Employers need to understand the impact to associated administrative processes and budgetary impacts. Initial communications centered around the first two elements; adding district attorneys, forensic scientists, and evidence technicians to the Police and Fire classification and, lowering the OPSRP police and fire retirement age, given the near-term effective dates. Communications regarding Hazardous Position have been minimal to date given that the operative date is January 1, 2030.

With respect to ensuring that district attorneys, and forensic scientists and evidence technicians employed by the Department of State Police, qualify as police officers under the Public Employees Retirement System, PERS did not have to set up a distinct project to handle this component of the bill implementation. Most of the effort included working to update affected communication materials and working with the employers who had staff who would be affected and assisting them in changing the way they reported these individual employees moving forward.

The agency structured the other two implementation efforts into distinct projects, each having their own effective dates and spanning many areas of PERS operations.

Update on project scope, schedule, and budget

Approach

Most implementation efforts impact the current Oregon Retirement Information Online Network (ORION) system. ORION is a system of integrated applications. Given ORION is an existing

legacy system, PERS employs the tactic to rely on in-house business experts and backfill them with limited duration or work-out-of-class resources. This approach provides PERS with the most accurate and timely business solution identification. Likewise, outside technical resources or contractors augment existing PERS information technology (IT) staff in the areas of system architecture and development. PERS engaged contracted project resources to augment and support project implementation. This approach also mitigated any security concerns within the established ORION information security framework.

Scope and schedule

PERS manages implementation efforts using an overarching enterprise portfolio management approach, executing multiple distinct projects. This allows PERS the ability to ensure, as best possible, the appropriate prioritization and sequencing of projects, ensures that resource contentions are dealt with using an enterprise approach and, most importantly, that system, policy, and communications interdependencies are identified and managed appropriately.

Police and Fire Age Change

Due to the effective date for retirements on or after January 1, 2025, and the fact that PERS members can submit an application for retirement up to 90 days before their desired retirement date, the agency had to initially implement a manual approach to accepting and processing these applications, as well as distributing needed information to both our internal staff, members, and employers.

The project team entitled this Phase 1 of this project. Phase 1 was completed on December 23, 2024, and manual processing has been retained while the agency moves to Phase 2, which included the system programming needed to support processing these applications moving forward.

PERS received program-level Stage Gate 2/3 endorsement for Phase 2 of the Police and Fire Age Change Project on July 1, 2025. PERS is currently working on Stage Gate 4 deliverables, which are required by EIS for the closing phase of the project.

PERS fully expects that all Police and Fire project implementation activities will be complete by January 15, 2026, with project close activities occurring after that date.

There is traceability with each phase's project scope set out within the project's charter. The scope statement articulates the defined end-state business requirements. These requirements are then broken down, followed by development and testing flowing into an implementation. The projects will be deemed complete when all functionality is fully implemented. The project close-out report, required by the Stage Gate process, will reconcile what functionality was implemented to demonstrate that the defined end state was, in fact, achieved.

Hazardous Position

As noted above, PERS will be implementing OPSRP Police and Fire Age Change Project functionality on January 15, 2026. As PERS completes all the testing and implementation steps for that project, we will begin to pivot resources to the planning, analysis, and design work associated with Hazardous Position. Currently, the Hazardous Position Project is in the initiation phase.

Budget

2023-25 Biennium

PERS received initial funding via HB 4045 to cover implementation of the OPSRP Police and Fire Age Change in the amount of \$2,037,532. The chart below sets out the allocation and the costs associated with the work done in the 2023-25 biennium.

A few things to note with respect to the large variance(s) shown below. When PERS was asked to prepare a Fiscal Impact Statement for these changes, the financial impacts were done in a very compressed timeframe, without the benefit of fully articulated business requirements or detailed understanding of the true impact on the various sections within PERS. Personal services estimates were for 27 limited duration positions with an FTE equivalent of 8.71 FTE. Given the short timeframe in which to address some of the communications and manual process steps needed to implement this by January 1, 2025, current staff were used in many instances to complete the required work, as there wasn't time to hire and onboard these resources. Consequently, there was a significant underspend in the estimated personal services cost. On the flip side, PERS was able to leverage IT Professional Services from contractors familiar with the PERS system as they had just completed work implementing Senate Bill (SB) 1049 (2019), which allowed PERS to accelerate some of the business and system requirement analysis needed to implement the automated solution.

HB4045 OPSRP P&F Age Change					
Expenses	Budget	Actual to Date	Projections	Total	Variance
Personal Services	\$ 2,037,532	\$ 171,326	\$ (0)	\$ 171,326	\$ 1,866,206
Services & Supplies		\$ -	\$ 10,000	\$ 10,000	\$ (10,000)
Professional Services (IQMS)		\$ 21,550	\$ -	\$ 21,550	\$ (21,550)
IT Professional Services		\$ 671,467	\$ 0	\$ 671,467	\$ (671,467)
Contingency					\$ -
Total Expenses	\$ 2,037,532	\$ 864,343	\$ 10,000	\$ 874,343	\$ 1,163,189

2025-27 Biennium

PERS received funding via SB 5534 (2025) in the amount of \$7,036,629, via Policy Option Package 101, to work on the two implementation efforts, both the OPSRP Police and Fire Age change and the Hazardous Position classification. The following shows the breakdown of the funds:

- One permanent, full-time Project Manager 3 (0.88) for continuous and consistent program planning, coordination, and oversight. Included is \$20,000 of services and supplies. This position will supplement existing project management staff in the PERS Project Management Office to manage activities to support pension administration system changes within the Oregon Retirement Information Online Network that are need to comply with HB 4045 (2024).
- Three limited duration (3.00 FTE) positions to support the implementation of the OPSRP police and fire age change provisions of HB 4045 (2024). The positions include: one Retirement Counselor 2 (1.00 FTE) and two Office Specialist 2 (2.00 FTE).
- \$3.2 million for planning, analysis, and design for the Hazardous Position Project.
- \$2.2 million for contractor services required to implement the OPSRP Police and Fire age change requirements in Oregon Retirement Information Online Network.

- \$500,000 for Independent Quality Management Services for implementation of the OPSRP Police and Fire Age Change Project.
- \$335,000 for contingency.

Police and Fire Age Change

The following is a chart setting out actual to date spending and projections against the items noted above for the OPSRP Police and Fire Age Change Project which has an overall budget of \$3,583,044. There is also a total of the 2023-25 and 2025-27 total costs noted below.

HB4045 OPSRP P&F Age Change					
Expenses	Budget	Actual to Date	Projections	Total	Variance
Personal Services	\$ 509,801	\$ 43,182	\$ 466,619	\$ 509,801	\$ -
Services & Supplies	\$ 38,243	\$ -	\$ 25,600	\$ 25,600	\$ 12,643
Professional Services (IQMS)	\$ 500,000	\$ -	\$ 276,000	\$ 276,000	\$ 224,000
IT Professional Services	\$ 2,200,000	\$ 156,500	\$ 1,293,348	\$ 1,449,848	\$ 750,152
Contingency	\$ 335,000	\$ -	\$ -	\$ -	\$ 335,000
					\$ -
Total Expenses	\$ 3,583,044	\$ 199,682	\$ 2,061,567	\$ 2,261,249	\$ 1,321,795
Total 2023-25 & 2025-27	\$ 5,620,576	\$ 892,699	\$ 2,071,567	\$ 3,135,592	\$ 2,484,984

Hazardous Position

The remaining \$3,454,585 consists of \$3.2 million for planning, analysis, and design work and personal services of \$253.585. This funding is broken down as follows:

HB4045- Hazardous Positions					
Expenses	Budget	Actual to Date	Projections	Total	Variance
Personal Services	\$ 253,585		\$ -	\$ -	\$ 253,585
Professional Services	\$ 2,300,000		\$ 2,288,000	\$ 2,288,000	\$ 12,000
IT Professional Services	\$ 900,000		\$ -	\$ -	\$ 900,000
Contingency					
Total Expenses	\$ 3,453,585	\$ -	\$ 2,288,000	\$ 2,288,000	\$ 1,165,585

The forecasted underspend within the P&F Age Change budget is primarily related to unneeded contractor hours and unused contingency funding. The agency proposed a reduction of \$1,085,000 from this budget for the statewide five percent reductions if needed. The current variance within the Hazardous Position budget is due to outstanding contractor deliverables still being negotiated.

Independent quality assurance reporting on the project

PERS contracted with Gartner Inc. to be the Independent Quality Management Services Consultant for both the Police and Fire Age change as well as the Hazardous Position Project. Gartner is executing on these Quality Management Services including the following:

1. Risk Assessment
2. Quality Management Planning
3. Quality Control
4. Quality Assurance

In total, the satisfactory performance of these tasks by the iQMS Consultant identifies project risks and planned mitigation efforts and helps ensure the application of best practices in project management, including quality management. This service also ensures the delivery of technical work products that meet or exceed project requirements for schedule, cost, functionality, reliability, security, and other relevant quality standards.

PERS received the initial submission of the iQMS baseline work plan and the iQMS Quality Plan deliverables in late August 2025 and subsequent quarterly reports. PERS has ensured that both EIS and the Legislative Fiscal Office are recipients of both the recommendations as well as our responses to those recommendations. Attachment 2 is the most recent Quarterly Status Report Summary. It shows that of 58 risk areas reviewed, 53, or 91%, are green with the remaining five risks in yellow.

PERS has taken the iQMS recommendations and, to the greatest extent possible, evolved our approach with the overall program and projects to address these recommendations. Acting on these recommendations both reduces overall risks to the HB 4045 projects and further allows PERS to enhance our project competencies and capabilities that allow us to execute not only on these projects but any future projects, including future modernization efforts.

Current project risks, likely impacts, and mitigation strategies

PERS continues to evolve its project management practices incorporating program resource management using new enterprise project management tools as resource management remains as the highest overall program/project risk. These efforts include providing project managers with enhanced training so they can understand and incorporate enterprise and program level activities and the use of new project management tools into their work streams. This ensures an integrated program and project plan is developed and maintained. PERS continues to review, refine, and adjust resources to ensure successful project implementation.

As noted above, PERS has just begun initiation efforts on the Hazardous Position portion of HB 4045 implementation, which has an effective date of January 1, 2030. The initial efforts will consist of planning, analysis, and design efforts to build out the business requirements needed to implement this new member classification. This will provide PERS with the overall scope, budget, and timing required to implement an automated solution.

In 2024, when PERS agreed to the January 1, 2030 implementation date, this date was set based on PERS' initial path of modernizing the agency's current Pension Administration System (PAS). Since that time, PERS has gone through a full PAS solutions analysis and determined, in June of 2025, that instead of modernizing our current PAS, it is preferable to implement a new commercial-off-the-shelf (COTS) PAS solution.

Given the timeframe to both procure and implement a new COTS solution, as part of the Hazardous Position business case, PERS determined that we will, likely, have to implement the functionality in our current PAS as a stop gap until the new COTS solution is fully in place. PERS will ensure that we only implement minimum viable functionality such that we do not spend more time and resources than is necessary given the short-term nature of its use. It is important to note that the planning, analysis, and design work is required regardless of the option chosen.

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

Collaboration with other state agencies

PERS is working closely with EIS analysts to support expedited project documents. EIS has noted that, "The efficiency observed in progressing through the Stage Gate process was a result of the project manager's experience, collaboration, and transparency with the EIS oversight analyst, as well as the high quality of work delivered. These factors enabled reviews and approvals to be conducted thoroughly and efficiently."

Action requested

Acknowledge receipt of the report.

Legislation affected

This report reflects Budget Note directives as approved in Senate Bill 5534 (2025). Please contact Kevin Olineck, Director at (503) 603-7695 with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Olineck", written in a cursive style.

Kevin Olineck, Director
Oregon Public Employees Retirement System

Attachment 1: iQMS Quarterly Status Summary October 6, 2025



Oregon

Tina Kotek, Governor

Enterprise Information Services

State Chief Information Officer

550 Airport Road SE, Suite C

Salem, OR 97301

503-378-3175

December 3, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE, H-178
Salem, OR 97301

RE: Senate Bill 5534 (2025) Budget Note Report Regarding House Bill 4045 (2024)

Dear Senator Lieber and Representative Sanchez:

Nature of the Request

The Joint Committee on Ways and Means approved Senate Bill (SB) 5534 (2025) with a budget note requiring Public Employees Retirement System (PERS) and Department of Administrative Services (DAS) Enterprise Information Services (EIS) jointly report to the Interim Joint Committee on Ways and Means in January 2026, on the status of the PERS' implementation of House Bill (HB) 4045 (2024).

Agency Action

In accordance with the budget note, this letter serves as EIS' report on PERS' HB 4045 implementation activities. This report includes information on the following:

- Background
- Update on project scope, schedule, and budget
- Current project risks, likely impacts, and mitigation strategies
- Independent quality assurance reporting
- Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project

Background

HB 4045 (2024) contained three main provisions.

- Reclassification of District Attorneys as well as Forensic Scientists and Evidence Technicians at Oregon State Police as Police and Fire PERS members which became effective January 1, 2025.
- Lowering the normal retirement age for police officers and firefighters under the Oregon Public Service Retirement Plan (OPSRP).
- Establishment of a new "hazardous position" member classification within the OPSRP pension plan. This new classification becomes effective January 1, 2030.

Mission: Mature enterprise technology governance, optimize investments, ensure transparency, provide oversight, and deliver secure and innovative solutions.

PERS has organized the HB 4045 legislation into the following two separate projects:

- Oregon Public Service Retirement Plan Police and Firefighter (OSPRP P&F) Age Change
- Hazardous Positions

The information reported below pertains only to implementation of the OPSRP P&F Age Change Project. PERS recently submitted a business case, project charter and an information technology investment form for the Hazardous Positions Project.

OSPRP P&F Age Change Project Scope, Schedule, and Budget

The project scope has been clearly defined, formally documented, and aligns with organizational capacity and strategic priorities. There are no conflicting objectives within the scope, ensuring focused and achievable project outcomes. The scope has been published and is readily accessible to stakeholders; major stakeholders have confirmed their understanding and alignment with its contents.

PERS adjusted the original project closure date, advancing it from December 2026 to April 2026. This adjustment reflects successful collaboration with the PERS Modernization team and highlights the proficiency of the PERS programmers and developers, both PERS' staff and contracted labor.

EIS has not independently verified the project budget information provided by PERS as EIS does not have access to PERS' financial system.

Current OPSRP P&F Age Change Project Risks, Likely Impacts and Mitigation Strategies

PERS has instituted a robust and proactive risk management strategy to ensure effective oversight and management of the project. This approach incorporates reported risks and issues from both internal and external sources, complemented by thorough analysis of risks and issues provided through periodic and quarterly updates from PERS' contracted independent quality management services (IQMS) vendor. PERS systematically prioritizes risks, assigning ownership, implementing mitigation strategies as required, and leveraging established change management processes where applicable.

As of the date of this report, PERS is actively monitoring over 50 open risks, with no outstanding issues currently identified. As of the date of this report, several key risks within the project's risk log include:

- User acceptance testing (UAT) capacity: Insufficient resources, time, and tools dedicated to UAT activities. Overextension of testing personnel across multiple projects may impede testing effectiveness.
- Project staffing resources: Limited availability of critical staff due to their involvement in multiple concurrent projects, which may adversely affect the quality of deliverables and overall project progress.
- Product Owner Team capacity: The Product Owner Team is currently experiencing constrained capacity due to insufficient staffing, potentially limiting their ability to fully engage in project objectives and support successful outcomes.

Watch points for the agency include the current project prioritization process and its impact on resource management across agency projects.

Independent Quality Assurance Reporting on the OSPRP P&F Age Change Project

In collaboration with EIS, PERS engaged an IQMS vendor to provide quality management services, with an emphasis on detailed and comprehensive reporting. The IQMS vendor delivers quality status reports every six weeks, along with quarterly status reports at the end of each quarter. Under the terms of the work order contract, the IQMS vendor is also responsible for conducting quality control reviews of essential project documentation, including test plans, test results, and operations and maintenance plans.

PERS reviews and integrates IQMS recommendations into its project plans and risk registers, ensuring actionable insights are incorporated to enhance project outcomes and mitigate risks effectively.

Additional Information on the Status of the OSPRP P&F Age Change Project

The PERS project manager follows project management best practices and processes which increase the quality of the project artifacts for the review and feedback process with EIS. In addition, the feedback from EIS has been followed, and there is good project transparency with the inclusion of other project team members in the monthly project check-in meetings with EIS. EIS has found this beneficial, as it has assisted with the understanding of the project opportunities, challenges, and performance.

Action Requested

Acknowledge receipt of the report.

Legislation Affected

This request does not affect legislation.

If additional information is needed, please contact our Legislative Director, Shirlene Gonzalez, at shirlene.a.gonzalez@das.oregon.gov

Sincerely,



Terrence Woods
State Chief Information Officer

Oregon PERS HB4045 Police & Fire (P&F) Age Change IQMS

4.1.1 Quarterly QA Status and Improvement Report

Prepared for: State of Oregon Public Employees
Retirement System

06 October 2025

Engagement #: 660009330

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- Key Strengths
- Key Challenges
- Quality Standards Assessment Scorecard
- Risk Summary



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- Quality Standard Framework





Background



Gartner’s Program Risk Assessment Overview

- The purpose of this Initial Risk Assessment Report deliverable is to identify the current status of the PERS HB4045 P&F Age Change Project, 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 Initial Risk Assessment Report Detailed Findings.
- To ensure a comprehensive and disciplined assessment, Gartner utilizes a standard risk assessment framework that has been modified to meet Quality Standard Categories from the Oregon Standards for Quality Assurance (see Appendix) with defined and measurable risk ratings.
- Gartner’s risk ratings conform to the color-coded risk rating criteria established in the table to the right.
- Risk ratings for a Quality Standard reflect Gartner’s findings in that area. This includes risks, issues and statements of facts that may be positive or neutral.

Risk Levels	Risk Rating Definition
Low	Green – Risk area is being managed according to applicable best practices and there is no material impact from this risk area on program and / or project success <u>at this time</u> .
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 program and / or project success that needs to be addressed proactively at this time.
High	Red – Risk area <u>is in need of</u> 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 program and / or project success if this area is not addressed now.
TBD	Gray – Gartner cannot assign a risk rating at this time due to current low activity.

Executive Summary

Assessment Summary

Key Strengths

1

Strong project foundation drives ongoing success

The robust project foundation highlighted during the initial risk assessment continues to deliver substantial benefits. Thanks to a thorough and well-structured elaboration process, the transition from elaboration to development has been the fastest the Product Owner team has experienced to date. This process has also led to a notable reduction in follow-up questions from BSAs and developers and will help ensure a greater alignment between delivered functionality and business expectations.

2

Mature risk management processes that identify and address risks

The project team employs a proactive and robust risk management process, identifying and addressing risks early in the project lifecycle. For example, potential UAT resource conflicts with the Estimate Tracker project were identified by the project team and are managed through regular coordination with its project manager. The team is also implementing recommendations from the IQMS Initial Risk Assessment, including the creation of a contingency plan to decouple the Age Change release from AEF and ARM factors if delays arise. This approach demonstrates the team's commitment to effective risk mitigation and adaptability, ensuring project continuity despite unforeseen challenges.

3

Proactive review of existing project processes identifies improvements for both current and future initiatives

The project team demonstrates a strong commitment to continuous improvement by regularly updating foundational documents, such as the Project Management Plan, and developing new resources that can be used for future projects. For example, the OCM lead collaborated with SMEs to create a comprehensive training strategy, ensuring detailed training activities are integrated into the workplan for effective knowledge transfer and improved training outcomes that can also be leveraged for future initiatives.

Assessment Summary

Key Challenges

Gaps in the relationship with external stakeholders could lead to decreased confidence in governance and a weakened relationship with key stakeholders

While there is excellent communication with the project sponsor, there are opportunities for improvement in external stakeholder communication. Proactive external communication, through regular conversations and structured reporting, is essential to keep stakeholders informed and engaged, fostering trust and transparency throughout the project lifecycle.

We recommend leveraging some of the communications practices from the Modernization Program, such as informal conversations and structured reporting, that have resulted in significant improvements in the relationship with external stakeholders. Given the lack of a steering committee meeting for the Age Change project, expanding regular communication with external stakeholders would provide an opportunity to address concerns, highlight project progress, achievements, and milestones, and ultimately strengthen the relationships with external stakeholders.

Risk Assessment Scorecard



Category		Quality Standard	October 2025	Initial Assessment
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		

Risk Assessment Scorecard

Category		Quality Standard	October 2025	Initial Assessment
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	October 2025	Initial Assessment
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		
10. Development Environment	10.1	Physical Facilities		
	10.2	Hardware Platform		
	10.3	Tools Availability		
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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Risk Summary

ID	Type	Description	Recommendation	October 2025 Update
R1	Risk	<p>UAT resource constraints: Overlapping UAT efforts for P&F Age Change and AEF scheduled during the holiday period may lead to resource constraints, increasing the risk of schedule delays.</p> <p>Affects Quality Standards: 4.4 – Project Schedule, 8.2 – Testability, and 8.4 - Solution Dependencies.</p>	<p>Before UAT begins, the project team should create a plan to ensure assigned SMEs and testers are available as needed. This may involve establishing regular check-ins with operations managers and supervisors to maintain visibility into all competing demands on resources, including operational duties and PTO.</p>	<p>A resource calendar has been created detailing staff availability over the UAT period to ensure adequate availability. Test cases have been assigned to individual testers. Based on this planning, we are reducing the risk to Low.</p>

Risk Summary

ID	Type	Description	Recommendation	October 2025 Update
R2	Risk	<p>Additional detail needed for training delivery: While the RACI assigns responsibility for End User Training to the Business Owner and SMEs, the project currently lacks detailed planning for the timing and execution of training activities. Without clearly documented tasks and assignments in the project workplan, there is a risk that end user training may not be delivered in time for the January 2026 release.</p> <p>Affects Quality Standards: 4.4 – Project Schedule, 7.3 – User Training Needs.</p>	<p>The project should clearly define required training materials, select appropriate delivery methods, and document these activities with specific milestones and deadlines in the project workplan to ensure timely and effective end-user preparation.</p> <p>Initially, the schedule should include tasks for identifying training needs and methods, followed by tasks for developing materials and delivering training.</p>	<p>Training milestones have been added to the project workplan for training activities. A training strategy is in progress, targeted for the end of September. Additional detail will be added to the workplan based on the completed strategy. This represents good progress, but we will not be reducing the risk level or closing the risk until the strategy is complete, and additional detail is added to the workplan.</p>

Risk Summary

ID	Type	Description	Recommendation	October 2025 Update
R3	Risk	<p>Replacement needed for test coordinator: The loss of the test coordinator and lack of a replacement in the agency poses a risk to the project. This position plays a critical role in providing visibility into test progress and leaving it vacant could have an adverse effect on the project's ability to manage testing efforts.</p> <p>Affects Quality Standard: 8.2 - Testability.</p>	Identify a full-time replacement to fill the test coordinator role before UAT begins in November 2025.	Currently there is no funding for a full-time replacement, but an existing resource has been identified who will be responsible for the reporting responsibilities.

Risk Summary

ID	Type	Description	Recommendation	October 2025 Update
R4	Risk	<p>Resource gap for Test Management Plan: Responsibility for developing the Test Management Plan, including coordination of specialized data and scheduling for testing, may be assigned to resources with limited testing experience. This could negatively impact the effectiveness of test planning and execution.</p> <p>Affects Quality Standard: 8.2 - Testability.</p>	Consider expanding the Test Coordinator role to include responsibility for developing the Test Management Plan, coordinating test data and execution, and producing UAT progress reports. This will help clarify ownership of these tasks and prevent ambiguity. If necessary, update the project RACI to reflect these changes.	<p>Since there was no funding for a separate Test Coordinator role, the Product Owner, APO, and Project Manager completed this plan.</p> <p>RISK CLOSED</p>

Risk Summary

ID	Type	Description	Recommendation	October 2025 Update
R5	Risk	<p>Combined HB4045 and AEF release increases complexity and risk: Consolidating the two projects into a single release increases the complexity of planning, testing, and deployment, and necessitates contingency plans for potential separate go-live dates. HB4045 testing is heavily dependent on the timely availability of new AEF factors in the test environment; any delay in AEF readiness could shorten the UAT window for HB4045 or require AEF to be deployed independently. Decoupling the releases would likely result in testing rework and revisions to release management plans. Proactively identifying the activities required for decoupling will help mitigate potential impacts to schedule, resources, and overall release quality.</p> <p>Affects Quality Standards: 11.3 – Deployment Approach and 8.4 – Solution Dependencies.</p>	<p>The project should proactively evaluate the scope of retesting and release re-planning that would be required if the releases need to be separated. This assessment will support effective contingency planning and ensure appropriate resource allocation.</p>	<p>A contingency plan has been developed by the project team and reviewed by the appropriate stakeholders. The plan covers three different scenarios related to what is delayed and addresses the solution for each scenario, including any additional testing that would be required. While having a contingency plan does address some of the risk, we feel it is appropriate to keep the risk rating at 'Medium' until more trigger dates have been achieved without issue.</p>

Risk Summary

ID	Type	Description	Recommendation	October 2025 Update
R6	Risk	<p>Additional Detail Needed in Communicating Project Status to LFO: There is no dedicated channel for communicating the status of the P&F Age Change phase of HB4045 to external stakeholders (LFO). Relying solely on updates during Modernization Executive Steering Committee meetings has caused confusion regarding the connection between HB4045 and the broader Modernization initiative. The absence of regular, targeted communications increases the risk of stakeholder misunderstanding and may compromise PERS' commitment to transparency.</p> <p>Affects Quality Standard: 3.5 - Project Management Communication</p>	<p>Consider producing a Monthly Status report for LFO that contains the following:</p> <ul style="list-style-type: none">▪ Overall project view, including major milestones and progress toward completing them.▪ Budget information.▪ Any significant risks, issues or decisions that external stakeholders should be aware of.	<p>New risk in the October Quarterly Report.</p>

Risk Summary

ID	Type	Description	Recommendation	October 2025 Update
R7	Risk	<p>Deployment dependency on Filenet team is not being monitored: The FileNet trigger that is part of the P&F Age Change functionality necessitates a separate FileNet deployment to production. Because the trigger development and subsequent deployment are not included in the P&F Age Change project responsibilities, the team has not included a plan to validate that these tasks occur at the appropriate times. This increases the risk that the trigger will not be in place and functioning when the P&F Age Change deployment occurs on 1/15/2026.</p> <p>Affects Quality Standard: 11.3 – Deployment Approach</p>	<p>Add tasks to the P&F Age Change workplan to check with the Filenet team to make sure that development, testing and deployment for the trigger have all been completed. These tasks should be scheduled such that there is time to address issues without impacting the P&F Age Change deployment schedule.</p>	<p>New risk in the October Quarterly Report.</p>

Appendix

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
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	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)
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	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

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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