

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



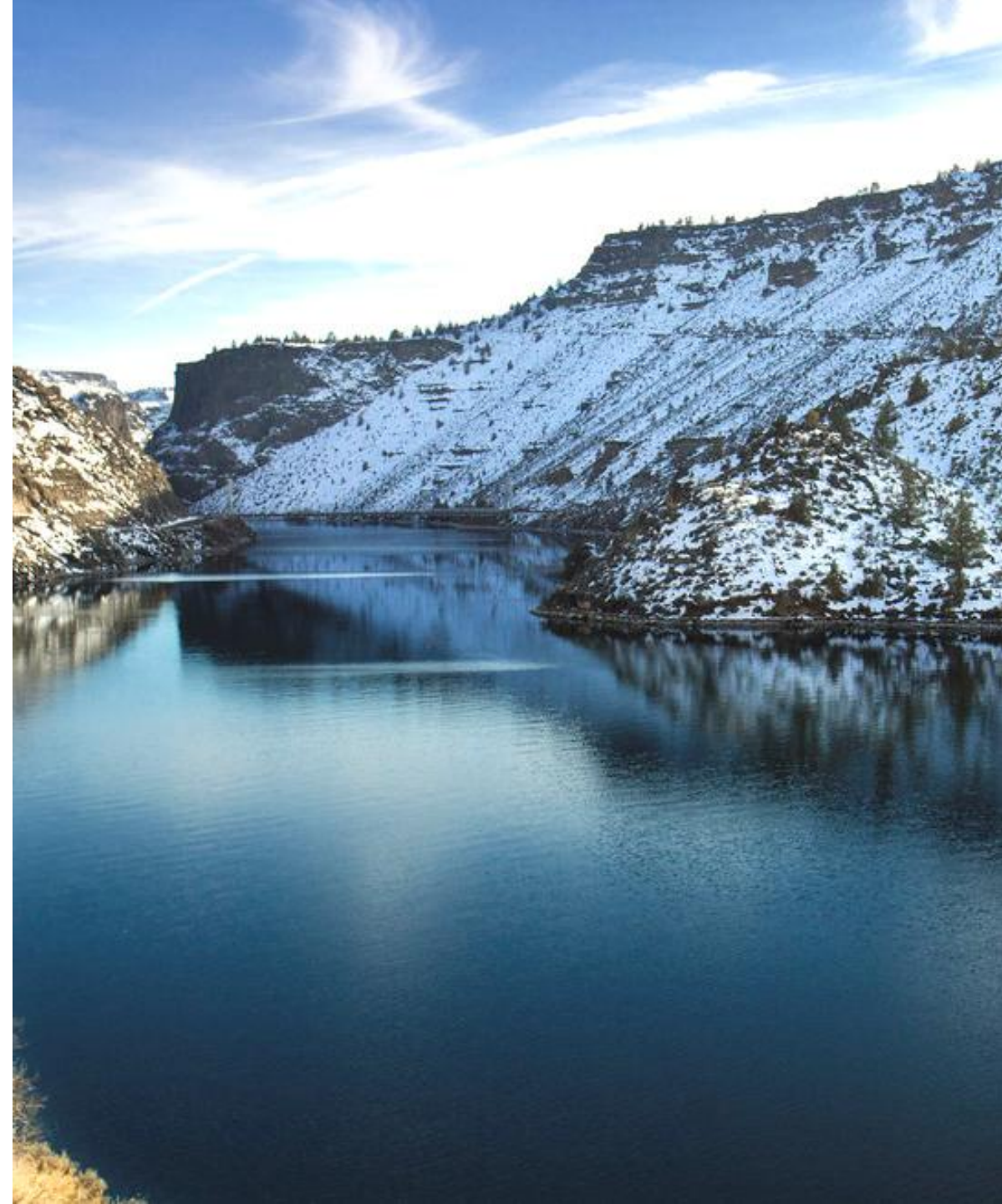
**Senate Bill 5534
Budget Note Report
(HB 4045 Implementation)**

**Joint Committee on
Ways & Means
General Government
Subcommittee**

Kevin Olineck

Director

January 13, 2026



Topics to be covered:

- 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 issue that have arisen as the result of the project

HB 4045 – three provisions to the Bill

HB 4045 was passed on March 5, 2024, and signed into law on April 17, 2024, with an effective date of January 1, 2025.

1. Including District Attorneys and Forensic Scientists and Evidence Technicians at Oregon State Police into the Police and Fire classification within OPSRP effective January 1, 2025
Status: Completed by January 1, 2025
2. Lowering the normal retirement age for the Police and Fire classification within OPSRP effective January 1, 2025
Status: Implementation complete as of January 15, 2026. Project close out remains to be done.
3. Establishing a Hazardous Position classification within OPSRP effective January 1, 2030
Status: Planning, Analysis and Design Work in initiation phase

HB 4045 Implementation

Police & Fire Retirement Age Change — fully implemented by January 15, 2026

- Manual calculation workarounds and associated reporting put in place prior to effective date of January 1, 2025.
- Staff trained on new manual processes.
- Member communications in place prior to January 1, 2025.
- Employer communications and reporting changes in place prior to effective date.
- Changes to PERS pension administration system implemented on January 15, 2026 to allow for more automated calculations to be completed by staff.

HB 4045 Implementation

Police & Fire Provision fully implemented by January 15, 2026

Budget for 2023-25 and 2025-27

2023-25

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

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
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HB 4045 Implementation

Hazardous Position — effective date of January 1, 2030

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.

HB 4045 Implementation

Hazardous Position — Risks and Mitigation Approach

PERS has just begun initiation efforts on the Hazardous Position portion of HB 4045 implementation. 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 for this effort is required regardless of the option chosen.

HB 4045 Implementation

Hazardous Position — Reporting Requirements

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.

HB 4045 Implementation

Hazardous Position — implementation by January 1, 2030
Budget for 2025-27

PERS received \$3,454,585 in the 2025-27 biennium consisting of \$3.2 million for planning, analysis, and design work and personal services of \$253.585. This funding is initially 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

Independent Quality Assurance Reporting

- Gartner is engaged in providing Independent Quality Assurance Services over the duration of the HB 4045 Program.
- Gartner conducted quarterly reviews with both PERS staff as well as with DAS EIS and LFO relating to the Police and Fire Age Change project.
- The most recent Quarterly Status Report Summary related to the Police and Fire Age Change 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.
- Gartner will begin iQMS activities for the Hazardous Position portion of this effort in early 2026.

Questions?

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Thank you

