OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

HB 4045 Implementation

Interim Joint Committee on Ways & Means Human Services Subcommittee

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Director

June 15, 2026

Topics to be covered:

- Update on project scope, schedule and budget
- Funding Request: $1,499,171 to enable PERS to begin development work associated with the Hazardous Position classification this biennium and cover increased iQMS costs.

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 closed.

3. Establishing a Hazardous Position member classification within OPSRP effective January 1, 2030

   Status: Planning, Analysis, and Design Work in elaboration phase.

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Police & Fire Retirement Age Change — fully implemented 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, including partnership with some impacted member unions.

- Employer communications and reporting changes in place prior to effective date.

- Programming changes to PERS pension administration system implemented on January 15, 2026 to allow for more automated calculations to be completed by staff. These changes will also be included in the new PAS COTS.

HB 4045 Implementation

Police & Fire Provision fully implemented on 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	$ 135,233	$ 374,568	$ 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	$ 1,070,924	$ 378,924	$ 1,449,848	$ 750,152
Contingency	$ 335,000	$ -	$ -	$ -	$ 335,000
Moved to Haz Position					$ (1,321,795)
Total Expenses	**$ 3,583,044**	**$ 1,206,157**	**$ 1,055,092**	**$ 2,261,249**	**$ -**

Internal resource costs were $136,639 for 2023-25 and $152,594 for 2025-27 totaling $289,233

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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 on or after January 1, 2030. 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, likely through administrative rule, which of their employees have direct contact with patients.

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Hazardous Position — Implementation Approach

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 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 was required regardless of the PAS option chosen.

PERS has begun elaboration efforts on the Hazardous Position portion of HB 4045 implementation. These 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.

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

PERS received $3,453,585 in the 2025-27 biennium consisting of $3.2 million for **planning, analysis, and design work** and personal services of $253,585. The underspend from the P&F Age Change work is $1,321,795.

To cover an increase in iQMS costs, costs enabling development efforts to begin in February 2027, and additional contingency, PERS requires an additional $1,499,171. The increase in projections are shown below:

- $2,482,827 increase in development costs for advanced start date
- $60,000 increase in IQMS for additional review time
- $5,381 increase for personal services
- $293,969 estimated contingency use

$ 2,842,177 increase

The $21,211 difference between the projections above and $1,499,171 requested is due to funding received in HB 5204 (2026) for salary pot adjustments.

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Hazardous Position — implementation by January 1, 2030
Other Items of Note

- PERS will be requesting a $17.4 million Policy Option Package for the 2027-29 biennium that is anticipated to cover the majority of development work. Will not know if further funding is required until full business requirements are completed later this year.
  - Currently, total cost is estimated at $23.7 million to implement the Hazardous Position Classification, excluding internal costs noted below.
  - Internal resource costs are estimated at $381,141 for 2025-27 and $419,256 for 2027-29.
- iQMS efforts will begin early 2027. Gartner will be the iQMS vendor
- Executive Steering Committee will begin meeting early 2027 (currently overseen by a smaller project sponsor committee until development efforts are underway). Weekly status reports are currently sent to all interested parties (DAS EIS, CFO, LFO)
- Business requirements being developed will also be used as business requirements for new Pension Administration System
- Stage Gate 2 review by DAS EIS is in progress. Stage Gate 3 approval will not be requested until closer to when actual development work begins.

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

HB4045- Hazardous Positions					
Expenses	**Budget**	**Actual to Date**	**Projections**	**Total**	**Variance**
Personal Services	$ 274,796		$ 258,966	$ 258,966	$ 15,830
Professional Services	$ 3,986,795	$ 493	$ 5,482,334	$ 5,482,827	$ (1,496,032)
IT Professional Services	$ 200,000		$ 260,000	$ 260,000	$ (60,000)
Contingency	$ 335,000		$ -	$ -	$ 335,000
Additional Contingency (Estimate 25%)	$ -		$ 293,969	$ 293,969	$ (293,969)
Total Expenses	**$ 4,796,591**	**$ 493**	**$ 6,295,269**	**$ 6,295,762**	**$ (1,499,171)**

As noted, original budget request for 2025-27 for Hazardous Position was for **planning, analysis and design work** only. Given that PERS will be completing this work sooner than originally anticipated, PERS requests an additional $1,499,171 to accelerate development work on this important legislative mandate.

Questions?

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Thank you