



Oregon

Theodore R. Kulongoski, Governor

March 4, 2004

Richard Jarvis, Chancellor
Office of the Chancellor
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Dear Mr. Jarvis:

I am responding, on behalf of the PERS Board, to Oregon University System's (OUS) February 11, 2004 request to defer the adoption of revised rates related to the Oregon Public Service Retirement Program (OPSRP). That request was distributed to the PERS Board on February 13, 2004.

Although we cannot provide absolute assurance that the PERS Board will not change the OPSRP rates prior to July 1, 2005, we can state that if past practice is followed, the current OPSRP rates will continue unchanged until that time. The Board typically changes employer rates every two years following the completion of odd-year actuarial valuations. We expect this practice to continue and also be applied to the OPSRP rates as well.

There are, however, some issues that may affect the contributions that OUS pays regarding the OPSRP. The most prominent issue being the Board's review of the methodology by which old PERS plan surpluses are amortized. We are working with stakeholders to develop a long-term solution to ensure that employers get full benefit from accumulated old plan actuarial surpluses and that outstanding unfunded actuarial liabilities are collected. OUS' participation in these discussions is important to ensure that the needs of participants in the ORP are taken into consideration. Because of the long-term impact of this decision, the PERS Board will approach it with all due caution and deliberation.

I can assure you that if the Board does consider changing the OPSRP contribution rates, that OUS will be provided ample opportunity to address its issues with the Board.

If you have any further questions regarding this or any other issue, please let me know.

Sincerely,

Laurie A. Warner
Interim Executive Director

cc: Denise Yunker, OUS Human Resources