

FINDING SOLUTIONS THE PERS CHALLENGE

SIXTH
IN A SERIES
THE NEXT FIVE YEARS

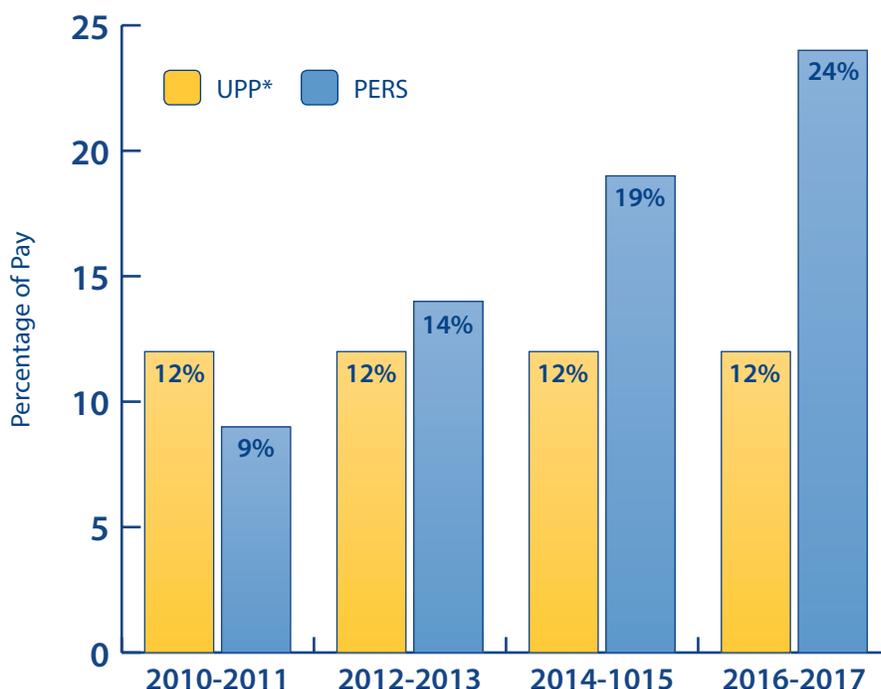
Working smarter doesn't just mean saving money. It means putting in place structures that will allow OHSU to thrive in an era of reform. We must be able to control and predict our costs so we can sustain and grow our missions.

THE BALLOONING COST OF PERS

PERS — the state's Public Employees Retirement System — presents two challenges to public employers like OHSU. The cost of PERS is growing substantially, and it is a cost that is out of OHSU's control. Beginning in FY11, OHSU has taken on an additional \$20 million per year in PERS-related expenses. PERS costs play a significant role in OHSU's bottom line.

Another way to look at how much PERS rates have grown is to compare how much OHSU must pay as a percentage of each person's salary for retirement. Under OHSU's University Pension Plan, OHSU pays 12 percent of each UPP employee's pay for retirement. OHSU controls that amount. OHSU can't control PERS rates, however. **By 2015, OHSU will pay an amount to PERS equal to nearly 24 percent of the salary of each employee enrolled in a PERS plan.**

PERS costs are rising and uncontrollable by OHSU



OHSU retirement contribution per employee as a percent of pay

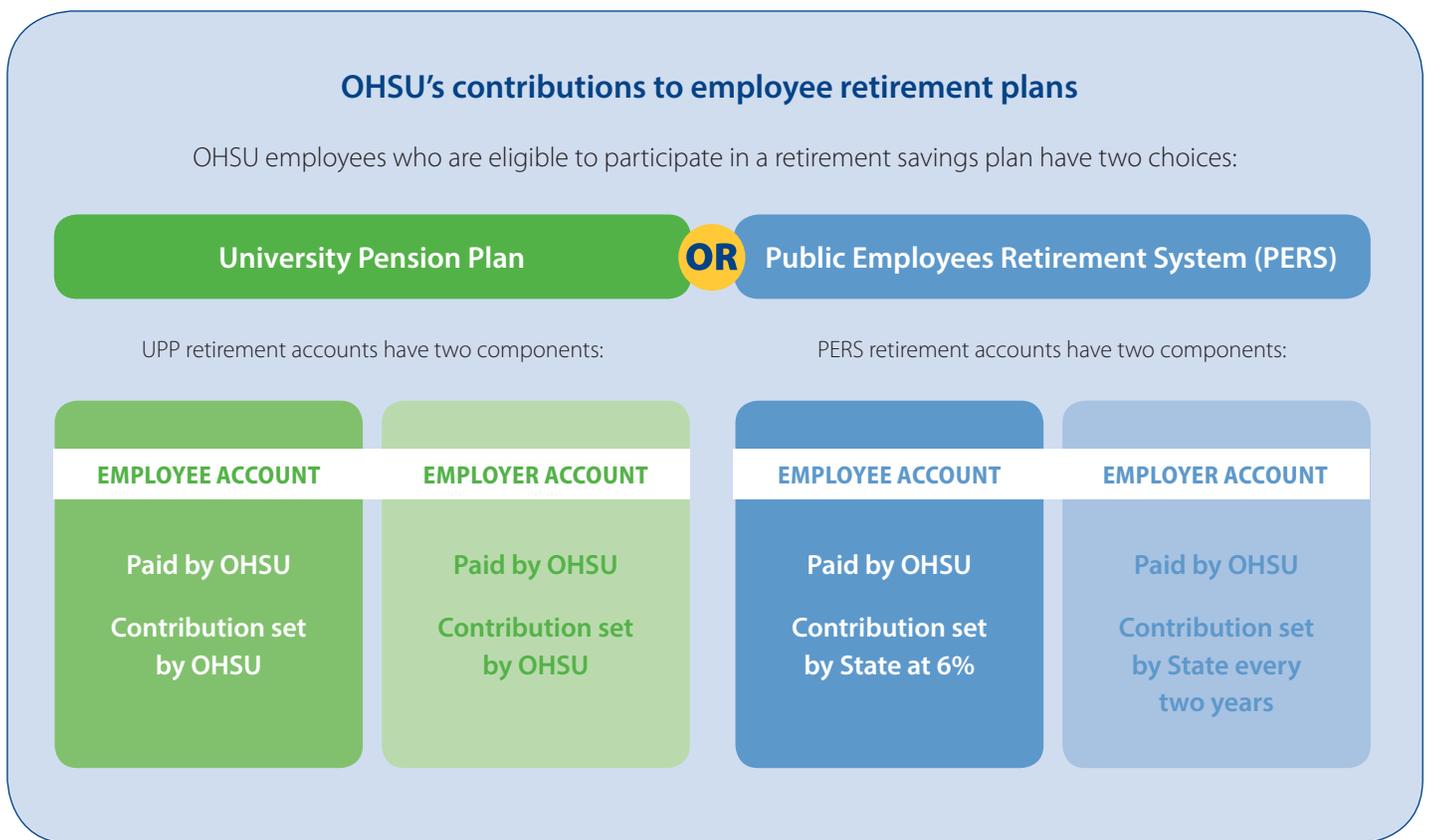
**OHSU reserves the right to change the UPP rate, but it plans no change in the next five years.*

If OHSU does nothing to address the rising costs, our payment to PERS will be unsustainable. We must make changes so we can protect our missions while still offering employees a choice between our two retirement programs — PERS and the University Pension Plan.

EMPLOYEE CHOICES

The University Pension Plan was created more than 16 years ago to give OHSU employees a choice in retirement plans. Employees who are eligible to participate in a retirement plan can choose the University Pension Plan, or the current PERS plan. The state Legislature has changed PERS several times

during the past years, so OHSU employees may be in PERS Tier One, PERS Tier Two or the newest offering, OPSRP. About 54 percent of OHSU eligible employees are in one of the PERS plans, and about 46 percent are in the University Pension Plan. Here's how the plans differ:



Both PERS and the University Pension Plan are generous plans compared to the market. OHSU leaders understand that faculty members, researchers, nurses and other staff members are the university's most important asset. Wages and benefits

must remain competitive, even as we find ways to control unsustainable costs. Solving the PERS puzzle is a crucial, mutual challenge for protecting our missions in the coming years.

Next up: *How health reform will change our healthcare mission.*
To see the whole series, search for "The Next Five Years" on the Staff News blog.