FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3495

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Provides for employer and employee contributions to pension program and individual account program of Oregon Public Service Retirement Plan to first be made for new members for wages that are attributable to services performed during first full pay period following six-month probationary period, without regard to when wages are considered earned for other purposes.

Government Unit(s) Affected:
Public Employees Retirement System (PERS)

Summary of Expenditure Impact:
See Analysis below

Local Government Mandate:
This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:
The Oregon Public Service Retirement Plan (OPSRP) is the retirement plan for employees who first entered public employment on or after August 29, 2003. After a six-month waiting period, the employee becomes an OPSRP member as of the first of the next month and employer contributions then begin. The OPSRP statute sets a different "contribution start date" than was used for Tier One and Tier Two members which has caused confusion and inconsistent reporting of contributions among employers. The bill would correct this problem going forward by using the same contribution start date standard that was used for Tier One and Tier Two.

There would be a fiscal impact in 2015-17 to implement the measure because changes to the PERS technology system would be needed. PERS estimates that it will cost $254,500 to hire an outside contractor to complete the necessary system programming changes. PERS also expects that there would be costs in the amount of $30,460 to hire three temporary employees to cover the workload of current employees who are subject matter experts and will be needed during system development and testing. The PERS 2015-17 budget request includes funds for system changes, but the agency believes that the funds identified above would be needed even if all of the projects and funds included in their budget request are approved. It should be noted that further analysis will be needed at the end of this legislative session to determine the net fiscal impact to PERS of law changes requiring modifications to the agency's technology systems.