

**HB 2875 STAFF MEASURE SUMMARY**

**House Committee On Emergency Management, General Government, and Veterans**

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**Meeting Dates:** 2/28

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**WHAT THE MEASURE DOES:**

Excludes hours of overtime worked by Oregon State Police from limitations on inclusion of overtime in the final average salary for purposes of the Oregon Public Service Retirement Plan.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The Public Employees Retirement System (PERS) provides retirement benefits for employees of state agencies, as well as employees of hundreds of local governments. A five-member board oversees PERS, and appoints an executive director to manage the agency's daily operations, including the management of benefits for over 375,000 active, inactive, and retired members and their beneficiaries. PERS is considered a hybrid pension plan, in that it includes a defined benefit plan and a defined contribution plan; upon retirement, PERS members receive both a life pension (defined benefit) and the balance of their individual account (defined contribution). The program is funded primarily by employer contributions; members contribute six percent of their monthly salary to their PERS retirement, with up to two and one-half percent used to offset the cost of member pensions, with the remainder accruing to the member's individual account.

The Oregon Public Service Retirement Plan (OPSRP) was established in 2003 for public employees not previously enrolled in Tier One or Tier Two of PERS. Members in OPSRP receive both a pension and an Individual Account Program (IAP), the latter being an "account-based benefit" which can grow based on contribution (based on percentage of monthly income) and investment returns.

The pension program benefit under OPSRP is based on "final average salary," which is calculated on the greater of the average calendar year salary based on three consecutive years of membership, or one-third of the total salary paid in the last 36 calendar months of membership before retirement. Statute specifies that, for purposes of final average salary, overtime hours exceeding the average number of hours for the same class of employees are not counted. House Bill 2875 specifies that this restriction does not apply to hours of overtime worked for the Oregon State Police.