

HB 2296 -2 STAFF MEASURE SUMMARY

House Committee On Emergency Management, General Government, and Veterans

Prepared By: Patrick Brennan, LPRO Analyst

Meeting Dates: 2/28, 3/16

WHAT THE MEASURE DOES:

Makes permanent provisions allowing retired members of Public Employees Retirement System to be reemployed by participating public employers for unlimited number of hours without reduction in pension benefits.

ISSUES DISCUSSED:

- Pending retirement of significant number of firefighters
- Recruitment of firefighters is becoming increasingly difficult
- Impact of retaining older firefighters
- Potential for recruiting veterans to be firefighters
- Apprenticeship programs
- Diversity of firefighting cohort

EFFECT OF AMENDMENT:

-2 Extends sunset through the year 2024.

FIS: Fiscal impact statement issued on measure w/the -2 amendment

RIS: No revenue impact on measure w/the -2 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.

Current law defines salary for certain PERS members as remuneration paid to an active member that is included in the employee's taxable income under Oregon Law. Senate Bill 1049 (2019) made several changes to PERS, including redirecting a portion of member contributions toward pension benefits, capping the maximum salary for pension calculation, and allowing PERS retirees to work unlimited hours.

The provisions allowing for unlimited reemployment of retired PERS members in Senate Bill 1049 are scheduled to sunset on December 31, 2024. House Bill 2296 eliminates the sunset and makes permanent the provision allowing for unlimited reemployment of PERS members without reduction of benefits.