FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 2875 A**

82nd Oregon Legislative Assembly – 2023 Regular Session
Legislative Fiscal Office
Only Impacts on Original or Engrossed Versions are Considered Official

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

Government Unit(s) Affected:
Department of State Police, Public Employees Retirement System

Summary of Fiscal Impact:
Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:
See Analysis

Analysis: The measure would allow up to 600 hours per calendar year of overtime hours worked by any OSP employee unless otherwise negotiated in collective bargaining, to be included in the employees final average salary retirement benefit calculation . Currently, for the purposes of the final average salary, the cap is determined administratively by the Department of Administrative Services and is calculated on the hours exceeding the average number of hours for the same class of employees with any hours exceeding that average not counted towards the final average salary. The measure is effective on January 1, 2024 and for retirements on or after the effective date.

The fiscal impact of the measure on OSP is indeterminate. Eliminating the current cap on overtime for OSP OPSRP members would increase a member's FAS resulting in an incrementally higher benefit upon retirement. OSP would pay the enhanced benefit through higher Public Employees Retirement System (PERS) employer contribution rates, whose predominant revenue source would be the General Fund. The fiscal impact is dependent upon the amount of overtime incurred above the current cap of 300 hours and the 600 hour threshold or the result of future collective bargaining agreements. Absent data on the incremental increase in eligible overtime hours, PERS cannot calculate the impact on OSP's employer contribution rates. The measure would have a relatively de minimis increase to the PERS Unfunded Actuarial Liability.

PERS anticipates that the measure will have a minimal fiscal impact.