

HB 2875 A STAFF MEASURE SUMMARY

Carrier: Rep. Evans

House Committee On Emergency Management, General Government, and Veterans

Action Date: 03/28/23
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 6-0-1-0
Yeas: 6 - Conrad, Evans, Grayber, Hieb, Lewis, Tran
Exc: 1 - Dexter
Fiscal: Fiscal impact issued
Revenue: No revenue impact
Prepared By: Patrick Brennan, LPRO Analyst
Meeting Dates: 2/28, 3/28

WHAT THE MEASURE DOES:

Limits overtime hours used to calculate final average salary for Oregon State Police for purposes of Oregon Public Safety Retirement Plan to 600 hours, unless a higher number is agreed to in a collective bargaining agreement. Applies to members whose retirement date is on or after measure's effective date.

ISSUES DISCUSSED:

- Role of Oregon State Police
- Aligns State Police with other law enforcement agencies
- PERS ramifications

EFFECT OF AMENDMENT:

Replaces the measure.

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 A limits overtime hours as calculation of final salary for Oregon State Police to 600 hours, unless a higher number is agreed to in collective bargaining,