



Oregon

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February 20, 2025

TO: Joint Committee On Ways and Means Subcommittee On General Government

FROM: Kevin Olineck, Director, PERS

SUBJECT: Overtime question from informational hearing on February 18, 2025.

Representative Smith-

Thank you for your question in our PERS informational hearing Tuesday. You asked about overtime hour caps in light of a recent public hearing on House Bill (HB) 3363 in the House Committee on Labor and Workplace Standards on February 17, 2025.

It is important to emphasize that every employee gets paid at their rate of pay for all overtime worked, and employers make contributions on all employee salary earned. The overtime cap only applies to OPSRP members, and only applies to what funds PERS includes to determine a member's final average salary. Final average salary is the highest average salary (either an average of the highest three years or an average over the highest 36 months, whichever is higher) a member earned throughout their career, and is used in calculation of a member's monthly pension amount at retirement.

The overtime caps are enshrined in Oregon Revised Statute (ORS) 238A.130, and further clarified in Oregon Administrative Rule (OAR) 459-075-0030. Tier One and Tier Two members have all worked overtime included in their final average salary calculation. OPSRP members have their overtime hours included in the calculation of their final average salary, unless during the years included in their final average salary, overtime hours worked exceeded the cap set by the employer. For state of Oregon employees, per Department of Administrative Services Centralized PERS Reporting section, that cap has been determined to be 300 hours. This cap was determined to be 300 in July 2022 based on a review of average OT worked in the previous year.

Each employer sets an overtime cap separate from all other PERS covered public employers. Additionally, within the same employer, there may be different caps based on different employee classes.

Thank you for the question, and we're happy to answer any more questions from yourself or the committee.

Sincerely,

Kevin Olineck
PERS Director