

SB 475 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates: 2/25

WHAT THE MEASURE DOES:

The measure specifies that for purposes of determining the final average salary of a member of the Oregon Public Service Retirement Plan (OPSRP), the overtime cap is calculated by a participating public employer calculating the average overtime hours that employees in each class that the employer has performed in the previous calendar year. The measure specifies that if the average number of overtime hours for a class of employees for the previous calendar year exceeds 105 percent of the existing overtime cap for that class of employees, the average number of overtime hours calculated for that class of employees will apply as the overtime cap to the calendar year that the calculation is made. The measure also specifies that if the average number of overtime hours for a class of employees for the previous calendar year does not exceed 105 percent of the existing overtime cap for that class, the overtime cap for the previous calendar year applies to the calendar year that the calculation is made. The measure directs participating public employers to maintain records of the overtime cap for each class of employees for each calendar year and provide the records to the Public Employees Retirement Board upon request. The measure directs the Oregon Department of Administrative Services to calculate the overtime cap separately for each state agency, and to calculate more than one overtime cap for each class of state employees based on the geographic placement of the employees. Applies to overtime caps calculated in calendar year 2026.

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Public Employees Retirement System (PERS) provides retirement benefits for state agencies and approximately 900 units of local government. PERS is overseen by a five-member board that appoints an executive director to manage the agency's daily operations, including the management of benefits for more than 393,000 active, inactive, and retired members and beneficiaries.

"Average overtime" is an estimate of the number of overtime hours a public employee may work in a calendar year. Average overtime is determined at the class or position level and is not based on an individual employee level. The average overtime places a cap on the amount of overtime hours that may be included in calculating an employee's final average salary when they retire. When a member of the Oregon Public Service Retirement Plan (OPSRP) works more overtime hours than the average overtime, the hours worked in excess of the average overtime cap is excluded from their final average salary.

Senate Bill 475 modifies how the overtime cap is calculated for purposes of determining the final average salary of members of the Oregon Public Service Retirement Plan.