

HB 3363 STAFF MEASURE SUMMARY

House Committee On Labor and Workplace Standards

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/17, 4/7

WHAT THE MEASURE DOES:

Modifies how overtime cap is calculated for use in calculating final average salary of members of Oregon Public Service Retirement Plan (OPSRP). Modified overtime cap calculations apply to overtime calculations made in calendar year 2026.

Detailed Summary:

The measure modifies overtime cap calculations for OPSRP members as follows:

- Before July 1 of each year, participating public employer shall calculate actual average number of overtime hours that employees in each class of employees employed by employer performed in previous calendar year.
- If average number of overtime hours for class of employees for previous calendar year exceeds 105 percent of existing overtime cap for that class of employees, average number of overtime hours calculated that year by public employer shall apply as overtime cap to calendar year in which calculation is made.
- If average number of overtime hours for class of employees for previous calendar year does not exceed 105 percent of existing overtime cap for that class of employees, overtime cap for previous calendar year shall apply to calendar year in which calculation is made.

Department of Administrative Services (DAS) must calculate required overtime cap separately for each state agency and calculate more than one overtime cap for each class of state employees based on geographic placement of the employees.

Participating public employer is required to maintain records of overtime cap for each class of employee for each calendar year and provide records to the Public Employees Retirement Board upon request.

Fiscal impact:

Revenue impact:

ISSUES DISCUSSED:

- Frequency of mandatory overtime in Department of Correction (DOC) facilities
- Overtime cap is calculated for use in calculating final average salary of members of Oregon Public Service Retirement Plan (OPSRP)
- Calculation of overtime cap by a public employer
- Retains the cap, modifies to recognize is a person works 105% of average overtime
- Requirement for the Department of Administrative (DAS) to calculate overtime cap for each agency and geographic region
- Workforce shortages within DOC
- Need for regionally focused overtime cap
- Reason overtime cap was set at 300 hours

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. PERS members are in one of three plans, depending on when they first became a member. The three plans are: Tier One, Tier Two, and the Oregon Public Service Retirement Plan (OPSRP). PERS members who work in positions that meet the definitions for "police officer" and "firefighter" are eligible for special benefit provisions such as retiring at an earlier age and calculating their retirement benefit with a higher statutory factor.

Currently, when calculating the final average salary of an OPSRP member, the salary of the member does not include any amounts attributable to hours of overtime that exceed the average number of hours of overtime for the same class of employees as established by rule of the Public Employees Retirement (PERS) Board. The Oregon Department of Administrative Services establishes, by rule, more than one overtime average for a class of state employees based on the geographic placement of the employees.

House Bill 3363 changes how the overtime cap is calculated for purposes of the final average salary of OPSRP members. The measure requires a participating public employer, before July 1 of each year, to calculate the actual average number of overtime hours that employees in each class of employees employed by the employer performed in the previous calendar year. If the actual average number of overtime hours for a class of employees exceeds 105 percent of the existing overtime cap for that class of employees, the average number of overtime hours calculated that year by the public employer will apply for purposes of calculating the final average salary. If the actual average number of overtime hours for a class of employees does not exceed 105 percent of the existing overtime cap for that class of employees, the overtime cap for the previous calendar year will apply for purposes of calculating the final average salary.