

HB 2728 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Ben DeYoung, Department of Administrative Services

Reviewed By: John Borden, Legislative Fiscal Office

**Public Employees Retirement System
2025-27**

Budget Summary*

	2023-25 Legislatively Approved Budget ⁽¹⁾	2025-27 Current Service Level	2025-27 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ -	\$ -	\$ 499,986	\$ 499,986	100.0%
Total	\$ -	\$ -	\$ 499,986	\$ 499,986	100.0%

Position Summary

Authorized Positions	0	0	3	3
Full-time Equivalent (FTE) positions	0.00	0.00	2.63	2.63

⁽¹⁾ Includes adjustments through January 2025

* Excludes Capital Construction expenditures

Summary of Revenue Changes

House Bill 2728 provides \$499,986 Other Funds expenditure limitation for the Public Employees Retirement System (PERS) for the 2025-27 biennium for costs related to hiring three new positions. Other Funds revenue for administrative operating expenses are comprised of earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers.

Summary of General Government Subcommittee Action

House Bill 2728 directs the PERS Board to modify its Notice of Entitlement (NOE) letter, which provides retiring members with calculations regarding the retirement benefits to which they are entitled, to include the use of overtime hours in calculating members' final average salary. NOEs are based on a member's retirement credit, prior service, unused sick leave, account balance, the highest three years' salary, and last 36 months salary. Under the measure, the new NOE would identify overtime hours used to calculate the final average salary in a manner similar to how sick leave is identified (total accumulated, used, and how it is used to calculate the final average salary).

The current pension administration system does not differentiate eligible overtime from PERS eligible salary and wages when calculating the NOE. In the short-term, this hinders an automated solution related to the requirements of the measure and will make the addition of overtime in the NOE a manual process. PERS estimates that until an automated solution is developed, each NOE will take between an additional 30-120 minutes to process. In the intermediate term, PERS will undertake programming changes to the pension administration system, as well as the Final Average Salary Validation Tool, in order to automate the requirements directed by the measure.

The Subcommittee recommended \$499,986 for three full-time, limited duration Retirement Counselor 1 positions (2.63 FTE) with associated services and supplies to address the additional workload and increased processing times associated with this measure. The long-term necessity for these three positions may need to be re-evaluated once an automated solution is put into place.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Public Employees Retirement System
Ben DeYoung -- 503-931-6249

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 500-08 - Operations Division									
Personal Services	\$ -	\$ -	\$479,211	\$ -	\$ -	\$ -	479,211	3	2.63
Services and Supplies	\$ -	\$ -	\$20,775	\$ -	\$ -	\$ -	20,775		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$499,986	\$ -	\$ -	\$ -	499,986	3	2.63
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$499,986	\$ -	\$ -	\$ -	499,986	3	2.63

*Excludes Capital Construction Expenditures