



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2025 Regular Session

Prepared by: Roxanne Adams
 Reviewed by: John Borden
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Bill Title: Relating to member data under the Public Employees Retirement System; prescribing an effective date.

Government Unit(s) Affected: Public Employees Retirement System

Summary of Fiscal Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Public Employees Retirement System		\$ -	\$ 499,986	\$ -	\$ 499,986	3	2.63
Total Fiscal Impact	\$ -	\$ -	\$ 499,986	\$ -	\$ 499,986	3	2.63

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Public Employees Retirement System		\$ -	\$ 611,280		\$ 611,280	3	3.00
Total Fiscal Impact	\$ -	\$ -	\$ 611,280	\$ -	\$ 611,280	3	3.00

Measure Description

The measure directs the Public Employees Retirement System (PERS) Board to modify its Notice of Entitlement (NOE) letter to include the use of overtime hours in calculating the final average salary. The measure permits PERS to take action before the operative date of the measure.

Fiscal Analysis

The total estimated fiscal impact of this measure is \$499,986 Other Funds for the 2025-27 biennium and \$611,280 Other Funds for the 2027-29 biennium for costs related to hiring three new positions. ORS 238.610 directs the administrative operations expenses for the agency be paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers.

Public Employees Retirement System

An NOE provides retiring members with calculations regarding their retirement benefits to which they are entitled. Currently, the letter provides calculations based on the members’ chosen benefit option and the gross amounts the member would receive under other benefit options. An NOE is 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, and according to PERS, 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 NOE. In the short-term, this hinders an automated solution related to the requirements

of the measure and, according to PERS, will make the addition of overtime in the NOE a manual process. In the intermediate term, the measure would require PERS to undertake programming changes to the pension administration system, as well as the Final Average Salary Validation Tool in order implement the measure. PERS stated that this work can be absorbed within the agency's existing information services staff.

The PERS calculation team currently consists of 39 Retirement Counselor positions and three managers that process an average of 7,500 retirements per year. Counselors produce approximately 192 NOEs per year, taking an average of 10.8 hours each. Furthermore, these positions are responsible for reviewing law regarding retirement benefit plans, determining eligibility, auditing payroll reporting, computing and processing benefit payments, estimating entitlements, and providing counsel to members, beneficiaries, and employers.

Under this measure, and again in the short-term, PERS estimates that each NOE will take between an additional 30-120 minutes to process, which will require three permanent, full time Retirement Counselor 1 positions (2.68 FTE in the 2025-27 biennium, 3.00 FTE in the 2027-29 biennium) with associated services and supplies. The long-term necessity for these three positions may need to be re-evaluated once an automated solution is put into place.

PERS also anticipates that the addition of overtime data will increase the number of contested or disputed NOE letters, however, any related cost is indeterminate at this time.

Relevant Dates

The measure takes effect on January 1, 2026.