

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	6 - 0 - 1
Yeas:	Berger, Esquivel, Holvey, Rosenbaum, Smith P., Schaufler
Nays:	0
Exc.:	Edwards C.
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	3/5, 4/30

WHAT THE MEASURE DOES: Eliminates break in service provisions of the Public Employees Retirement System as established in current statute.

ISSUES DISCUSSED:

- Public Employees Retirement System (PERS) reform bills from 2003 session
- Rationale behind establishing a break in service policy
- Fiscal impact to PERS and to employers

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: HB 2623 retroactively repeals the break in service provisions established from the Public Employees Retirement System (PERS) reform package from the 2003 legislative session. A break in service occurs when an active Tier One or Tier Two PERS member performs no hours of service in a qualifying position for a period of six consecutive months or longer. Paid leave such as vacation, military duty, illness, or other authorized leave does not count towards a break in service. If a break in service is incurred, the member retains all PERS service time and contributions to their Individual Account Program (IAP) that accrued before the break, but the member cannot rejoin PERS and future service time and contributions will accrue under the Oregon Public Service Retirement Plan's pension program.

There are currently seven exceptions to the break in service rule: members who leave for purposes of qualifying for family medical leave; members who leave for approved career development purposes; members absent from other employment to serve as a legislator; members called to military duty who are later reemployed as provided under the federal Uniformed Services Employment and Reemployment Rights Act (USERA) in a qualifying position regardless of the length of time the member is on official military leave; a period during which a member receives a disability retirement allowance prior to, on, or after August 29, 2003; members who leave employment based on the seasonal nature of their job; and members who were inactive and vested on August 28, 2003 who returned to qualifying employment before January 1, 2006, with the same employer that employed the member immediately before the member became inactive. In most cases, the member must return to work in a qualifying position within 12 months of taking the leave to avoid a break-in service.

A "qualifying position" is defined as a position in which an eligible employee performs at least 600 hours of service in a calendar year for an employer participating in the PERS Chapter 238 Program.

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This summary has not been adopted or officially endorsed by action of the committee.