

A-Engrossed
House Bill 2285

Ordered by the Senate June 11
Including Senate Amendments dated June 11

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for Public Employees Retirement System)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Prohibits retired member of Public Employees Retirement System who elected to receive double lump sum retirement benefit and who has been retired for six consecutive calendar months or less from being reemployed by public employer participating in system. Provides that such member who has been retired for more than six consecutive calendar months may be reemployed by participating public employer but may acquire benefits only under Oregon Public Service Retirement Plan.]

Eliminates provisions relating to break in service under Oregon Public Service Retirement Plan. Modifies manner in which retirement credit is calculated under plan. Provides that pension program members accrue one-twelfth of year of retirement credit for month in which member performs 50 or more hours of service.

A BILL FOR AN ACT

1
2 Relating to public employee retirement; creating new provisions; amending ORS 238A.025, 238A.130,
3 238A.140, 238A.142, 238A.165, 238A.305 and 243.800 and section 46b, chapter 733, Oregon Laws
4 2003; and repealing ORS 238.180 and 238A.157 and section 2a, chapter 733, Oregon Laws 2003.

5 **Be It Enacted by the People of the State of Oregon:**

6
7 **BREAK IN SERVICE**

8
9 **SECTION 1.** ORS 238A.025 is amended to read:

10 238A.025. (1) The Oregon Public Service Retirement Plan is established. The purpose of the
11 Oregon Public Service Retirement Plan is to provide career public employees with a secure and fair
12 retirement income at an affordable, stable and predictable cost to the taxpayers. The Oregon Public
13 Service Retirement Plan is composed of a pension program and an individual account program. The
14 pension program and the individual account program are separate accounts for purposes of federal
15 income tax qualification, and the assets of each program must be held as part of the trust estab-
16 lished by ORS 238.660 for the exclusive benefit of the participants and beneficiaries. It is the intent
17 of the Legislative Assembly that pursuant to section 414(k) of the Internal Revenue Code the indi-
18 vidual account program be established and maintained as a tax-qualified defined contribution gov-
19 ernmental plan for the purposes of sections 72(d) and 415 of the Internal Revenue Code. The Public
20 Employees Retirement Board may create separate accounts within the Public Employees Retirement
21 Fund for the pension program and the individual account program.

22 (2) Notwithstanding any provision of ORS chapter 238, any person who is employed by a par-
23 ticipating public employer on or after August 29, 2003, and who has not established membership in

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 the Public Employees Retirement System before August 29, 2003, is entitled to receive only the
 2 benefits provided under the Oregon Public Service Retirement Plan for periods of service with par-
 3 ticipating public employers on and after August 29, 2003, and has no right or claim to any benefit
 4 under ORS chapter 238 except as specifically provided by this chapter.

5 (3)(a) Any person who is [*an active*] a member of the Public Employees Retirement System on
 6 August 28, 2003, is entitled to receive the benefits provided by ORS chapter 238 for all service
 7 performed before, on and after August 29, 2003, **unless the person's membership in the system**
 8 **is subsequently terminated under ORS 238.095**[, *unless the person has a break in service on or*
 9 *after August 29, 2003*]. If the [*person has a break in service*] **person's membership in the system**
 10 **is terminated under ORS 238.095** on or after August 29, 2003, the person is entitled to receive [*the*
 11 *benefits provided by ORS chapter 238 for all creditable service performed before the break in service,*
 12 *and*] the benefits provided under the Oregon Public Service Retirement Plan for periods of service
 13 with participating public employers after the [*break in service*] **termination of membership**.

14 [(b) *Except as provided in this subsection, a person has a break in service for the purposes of this*
 15 *subsection if the person performs no service with a participating public employer in a qualifying posi-*
 16 *tion for a period of six consecutive months.*]

17 [(c) *If a person leaves employment with a participating public employer for purposes that would*
 18 *qualify the person for family leave under ORS 659A.150 to 659A.186, the person has a break in service*
 19 *for the purposes of this subsection only if the person performs no service with a participating public*
 20 *employer in a qualifying position for a period of 12 consecutive months after leaving employment with*
 21 *the participating public employer.*]

22 [(d) *If a person leaves employment with a participating public employer for career development*
 23 *purposes pursuant to written authorization of the participating public employer under a written policy*
 24 *of the employer that applies generally to the class of employees to which the member belongs, the person*
 25 *has a break in service for the purposes of this subsection only if the person performs no service with*
 26 *a participating public employer in a qualifying position for a period of 12 consecutive months after*
 27 *leaving employment with the participating public employer.*]

28 [(e) *A person does not have a break in service for the purposes of this subsection by reason of any*
 29 *period of time during which the person leaves employment with a participating public employer for the*
 30 *purpose of serving as a member of the Legislative Assembly during a legislative session.*]

31 [(f) *A person does not have a break in service for the purposes of this subsection by reason of any*
 32 *period of time during which the person is absent from employment with a participating public employer*
 33 *and receives a disability retirement allowance under ORS 238.320.*]

34 [(g) *A person does not have a break in service for the purposes of this subsection by reason of any*
 35 *period of time during which the person leaves employment with a participating public employer based*
 36 *on the seasonal nature of the person's employment as long as the person returns to employment with*
 37 *the public employer before the expiration of 12 full calendar months.*]

38 (4) A person establishes membership in the system before August 29, 2003, for the purposes of
 39 this section if:

40 (a) The person is a member of the system, or a judge member of the system, on August 28, 2003;

41 or

42 (b) The person performed any period of service for a participating public employer before August
 43 29, 2003, that is credited to the six-month period of employment required of an employee under ORS
 44 238.015 before an employee may become a member of the system.

45 (5) Except as provided in this chapter, ORS chapter 238 does not apply to the Oregon Public

1 Service Retirement Plan.

2 (6) The provisions of this section do not apply to a person elected or appointed as a judge as
3 defined in ORS 238.500.

4 **SECTION 2.** ORS 238A.165 is amended to read:

5 238A.165. (1) Except as provided in this section, earliest retirement age for a member of the
6 pension program is 55 years of age.

7 (2) Earliest retirement age for a member of the pension program who retires from service as a
8 police officer or firefighter is 50 years of age if the member has held a position as a police officer
9 or firefighter continuously for a period of not less than five years immediately before the effective
10 date of retirement. Earliest retirement date for a member described in this subsection is not later
11 than the date the member reaches 55 years of age.

12 *[(3) If a member has a break in service under ORS 238A.025 and is entitled to receive a retirement*
13 *allowance under ORS chapter 238 in addition to a pension under this chapter, earliest retirement age*
14 *under this chapter is the age attained by a member when the member could first make application for*
15 *retirement under the provisions of ORS 238.280.]*

16 *[(4)]* (3) A member of the pension program who has reached earliest retirement age may retire
17 on an early retirement date that is the first day of any month on or after the member has reached
18 earliest retirement age.

19 **SECTION 3.** ORS 238A.305 is amended to read:

20 238A.305. (1) Except as provided in subsection (2) of this section, all members of the Public
21 Employees Retirement System who established membership in the Public Employees Retirement
22 System before August 29, 2003, as described in ORS 238A.025 become members of the individual
23 account program on January 1, 2004.

24 (2) A member of the Public Employees Retirement System may not be a member of the individual
25 account program during any period of time during which the member is required to make contribu-
26 tions to the system under ORS 238.200.

27 (3) Solely for the purpose of determining the amount of the employee contribution for persons
28 who become members of the individual account program under this section, whether paid by the
29 employee or by the employer, the Public Employees Retirement Board shall use the definition of
30 "salary" provided by ORS 238.005. *[If a person who is subject to this subsection has a break in service*
31 *as described in ORS 238A.025, the board shall use the definition of "salary" provided by ORS*
32 *238A.005 for the purpose of determining the amount of the employee contribution to the individual ac-*
33 *count program for all service by the member after the break in service.]*

34 **SECTION 4.** Section 46b, chapter 733, Oregon Laws 2003, is amended to read:

35 **Sec. 46b.** (1) Except as provided in subsection (2) of this section, *[section 46a of this 2003 Act]*
36 **ORS 237.650** applies to all members of the Legislative Assembly who take office on or after *[the ef-*
37 *fective date of this 2003 Act]* **August 29, 2003.**

38 (2) In addition to the options provided by *[section 46a of this 2003 Act]* **ORS 237.650**, any person
39 who is a member of the Legislative Assembly on *[the effective date of this 2003 Act]* **August 29, 2003**,
40 and who is a member of the Public Employees Retirement System on *[the effective date of this 2003*
41 *Act]* **August 29, 2003**, may elect to remain a member of the system under ORS chapter 238 for so
42 long as the member remains in continuous service as a member of the Legislative Assembly. An
43 election under this subsection must be made in the manner provided by *[section 46a (2) of this 2003*
44 *Act]* **ORS 237.650 (2).**

45 (3) A member of the Legislative Assembly remains in continuous service as a member of the

1 Legislative Assembly for the purposes of subsection (2) of this section [*for so long as the member*
2 *continues in office without a break in service as described in sections 2 and 2a of this 2003 Act*] **until**
3 **the person resigns or otherwise leaves office.**

4 **SECTION 5.** ORS 243.800 is amended to read:

5 243.800. (1) Notwithstanding any provision of ORS chapter 238 or 238A or ORS 243.910 to
6 243.945, the State Board of Higher Education shall establish and administer an Optional Retirement
7 Plan for administrative and academic employees of the Oregon University System who are eligible
8 for membership in the Public Employees Retirement System. The Optional Retirement Plan must be
9 a qualified plan under the Internal Revenue Code, capable of accepting funds transferred under
10 subsection (7) of this section without the transfer being treated as a taxable event under the Inter-
11 nal Revenue Code, and willing to accept those funds. Retirement and death benefits shall be pro-
12 vided under the plan by the purchase of annuity contracts, fixed or variable or a combination
13 thereof, or by contracts for investments in mutual funds.

14 (2) The State Board of Higher Education shall select at least two life insurance companies pro-
15 viding fixed and variable annuities and at least two investment companies providing mutual funds,
16 but not more than five companies in total, for the purpose of providing benefits under the Optional
17 Retirement Plan. The State Board of Higher Education shall establish selection criteria for the
18 purpose of this subsection.

19 (3) An administrative or academic employee may make an irrevocable election to participate in
20 the Optional Retirement Plan within six months after being employed. An election under this sub-
21 section is effective on the first day of the month following six full months of employment.

22 (4) An administrative or academic employee who does not elect to participate in the Optional
23 Retirement Plan:

24 (a) Remains or becomes a member of the Public Employees Retirement System in accordance
25 with ORS chapters 238 and 238A; or

26 (b) Continues to be assisted by the State Board of Higher Education under ORS 243.920 if the
27 employee is being so assisted.

28 (5) Except as provided in subsection (6) of this section, employees who elect to participate in the
29 Optional Retirement Plan are ineligible for active membership in the Public Employees Retirement
30 System or for any assistance by the State Board of Higher Education under ORS 243.920 as long as
31 those employees are employed in the Oregon University System and the plan is in effect.

32 (6)(a) An administrative or academic employee who elects to participate in the Optional Retirement
33 Plan, who has creditable service under ORS chapter 238 as defined by ORS 238.005 and who
34 is not vested shall be considered by the Public Employees Retirement Board to be a terminated
35 member under the provisions of ORS 238.095 as of the effective date of the election, and the amount
36 credited to the member account of the member shall be transferred directly to the Optional Retirement
37 Plan by the Public Employees Retirement Board in the manner provided by subsection (7) of
38 this section.

39 (b) An administrative or academic employee who elects to participate in the Optional Retirement
40 Plan, who has creditable service under ORS chapter 238 as defined by ORS 238.005 and who is
41 vested shall be considered to be an inactive member by the Public Employees Retirement Board and
42 shall retain all the rights, privileges and options under ORS chapter 238 unless the employee makes
43 a written request to the Public Employees Retirement Board for a transfer of the amounts credited
44 to the member account of the member to the Optional Retirement Plan. A request for a transfer
45 must be made at the time the member elects to participate in the Optional Retirement Plan. Upon

1 receiving the request, the Public Employees Retirement Board shall transfer all amounts credited
2 to the member account of the member directly to the Optional Retirement Plan, and shall terminate
3 all rights, privileges and options of the employee under ORS chapter 238.

4 (c) An administrative or academic employee who elects to participate in the Optional Retirement
5 Plan, and who is not a vested member of the pension program of the Oregon Public Service Retirement
6 Plan as described in ORS 238A.115 on the date that the election becomes effective, shall be
7 considered to be a terminated member of the pension program by the Public Employees Retirement
8 Board as of the effective date of the election.

9 (d) An administrative or academic employee who elects to participate in the Optional Retirement
10 Plan, and who is a vested member of the pension program of the Oregon Public Service Retirement
11 Plan as described in ORS 238A.115 on the date that the election becomes effective, shall be consid-
12 ered an inactive member of the pension program by the Public Employees Retirement Board as of
13 the effective date of the election. An employee who is subject to the provisions of this paragraph
14 retains all the rights, privileges and options of an inactive member of the pension program. If the
15 actuarial equivalent of the employee's benefit under the pension program at the time that the
16 election becomes effective is \$5,000 or less, the employee may make a written request to the Public
17 Employees Retirement Board for a transfer of the employee's interest under the pension program to
18 the Optional Retirement Plan. The request must be made at the time the member elects to partic-
19 ipate in the Optional Retirement Plan. Upon receiving the request, the Public Employees Retirement
20 Board shall transfer the amount determined to be the actuarial equivalent of the employee's benefit
21 under the pension program directly to the Optional Retirement Plan, and shall terminate the mem-
22 bership of the employee in the pension program.

23 (e) An administrative or academic employee who elects to participate in the Optional Retirement
24 Plan, and who is a vested member of the individual account program of the Oregon Public Service
25 Retirement Plan as described in ORS 238A.320 on the date that the election becomes effective, shall
26 be considered an inactive member of the individual account program by the Public Employees Re-
27 tirement Board as of the effective date of the election. An employee who is subject to the provisions
28 of this paragraph retains all the rights, privileges and options of an inactive member of the indi-
29 vidual account program. An administrative or academic employee who elects to participate in the
30 Optional Retirement Plan, and who is a member of the individual account program of the Oregon
31 Public Service Retirement Plan, may make a written request to the Public Employees Retirement
32 Board that all amounts in the member's employee account, rollover account and employer account,
33 to the extent the member is vested in those accounts under ORS 238A.320, be transferred to the
34 Optional Retirement Plan. The request must be made at the time the member elects to participate
35 in the Optional Retirement Plan. Upon receiving the request, the Public Employees Retirement
36 Board shall transfer the amounts directly to the Optional Retirement Plan, and shall terminate the
37 membership of the employee in the individual account program upon making the transfer.

38 (f) Notwithstanding paragraphs (b), (d) and (e) of this subsection, the Public Employees Retirement
39 Board shall not treat any employee as an inactive member under the provisions of this sub-
40 section for the purpose of receiving any benefit under ORS chapter 238 or 238A that requires that
41 the employee be separated from all service with participating public employers and with employers
42 who are treated as part of a participating public employer's controlled group under the federal laws
43 and rules governing the status of the system and the Public Employees Retirement Fund as a qual-
44 ified governmental retirement plan and trust.

45 (7) Any amounts transferred from the Public Employees Retirement Fund under subsection (6)

1 of this section shall be transferred directly to the Optional Retirement Plan by the Public Employees
2 Retirement Board and shall not be made available to the employee.

3 (8) An employee participating in the Optional Retirement Plan shall contribute monthly an
4 amount equal to the percentage of the employee's salary that the employee would otherwise have
5 contributed as an employee contribution to the Public Employees Retirement System if the employee
6 had not elected to participate in the Optional Retirement Plan.

7 (9) The State Board of Higher Education shall contribute monthly to the Optional Retirement
8 Plan the percentage of salary of each employee participating in the plan equal to the percentage
9 of salary that would otherwise have been contributed as an employer contribution on behalf of the
10 employee to the Public Employees Retirement System, before any offset under ORS [238.225 (9)]
11 **238.229 (2)**, if the employee had not elected to participate in the Optional Retirement Plan.

12 (10) Both employee and employer contributions to an Optional Retirement Plan shall be remitted
13 directly to the companies that have issued annuity contracts to the participating employees or di-
14 rectly to the mutual funds.

15 (11) Benefits under the Optional Retirement Plan are payable to employees who elect to partic-
16 ipate in the plan and their beneficiaries by the selected annuity provider or mutual fund in accord-
17 ance with the terms of the annuity contracts or the terms of the contract with the mutual fund.
18 Employees electing to participate in the plan agree that benefits payable under the plan are not
19 obligations of the State of Oregon or of the Public Employees Retirement System.

20 *[(12) The percentage of salary contributed by the State Board of Higher Education under sub-*
21 *section (9) of this section on behalf of an employee is not affected by reason of the employee having a*
22 *break in service, as described by ORS 238A.025.]*

23 **SECTION 6. (1) The amendments to ORS 238A.025, 238A.165, 238A.305 and 243.800 and**
24 **section 46b, chapter 733, Oregon Laws 2003, by sections 1, 2, 3, 4 and 5 of this 2007 Act, and**
25 **the repeal of ORS 238.180 and 238A.157 and section 2a, chapter 733, Oregon Laws 2003, by**
26 **section 7 of this 2007 Act, apply to all service by members of the Public Employees Retire-**
27 **ment System, whether performed before, on or after August 29, 2003.**

28 **(2) As soon as possible after the effective date of this 2007 Act, the Public Employees**
29 **Retirement Board shall recalculate the benefits of any person who retired before the effec-**
30 **tive date of this 2007 Act if the benefits of the person were affected by the application of ORS**
31 **238A.025, as in effect immediately before the effective date of this 2007 Act.**

32 **(3) As soon as possible after the effective date of this 2007 Act, the Public Employees**
33 **Retirement Board shall adjust the service credit of any active or inactive member who was**
34 **affected by the application of ORS 238A.025, as in effect immediately before the effective date**
35 **of this 2007 Act.**

36 **(4) As soon as possible after the effective date of this 2007 Act, the Public Employees**
37 **Retirement Board shall adjust contributions and account balances of the individual accounts**
38 **described in ORS 238A.350 for any active or inactive member who was affected by the appli-**
39 **cation of ORS 238A.025, as in effect immediately before the effective date of this 2007 Act.**
40 **The board may refund contributions, or require additional contributions, for adjustments to**
41 **account balances made under this subsection.**

42 **SECTION 7. ORS 238.180 and 238A.157 and section 2a, chapter 733, Oregon Laws 2003, as**
43 **amended by section 8, chapter 332, Oregon Laws 2005, are repealed.**

44
45 **ACCRUAL OF CREDIT UNDER**

**OREGON PUBLIC SERVICE
RETIREMENT PLAN**

SECTION 8. ORS 238A.140 is amended to read:

238A.140. [(1) A pension program member shall accrue no retirement credit for any calendar year in which the member has fewer than 600 hours of service. A member may not accrue more than one full year of retirement credit in any calendar year.]

(1) An active member of the pension program accrues one year of retirement credit for each complete year of service and one-twelfth of a year of retirement credit for each full month and each major fraction of a month of service.

(2) An active member who is a school employee shall be credited with at least six months of retirement credit if the member performs service for a major fraction of each month of a school year that falls between January 1 and June 30, and at least six months of retirement credit if the member performs service for a major fraction of each month of a school year that falls between July 1 and December 31.

[(2)] **(3) When an eligible employee becomes a member under ORS 238A.100, the board shall credit the eligible employee with retirement credit for the period of employment required of the employee under ORS 238A.100.**

(4) A member may not accrue more than one full year of retirement credit in any calendar year.

[(3) Except as provided in this section, a pension program member shall accrue one full year of retirement credit for each calendar year in which the member has 2,000 hours of service or more.]

[(4) Except as provided in this section, a pension program member shall accrue a prorated year of retirement credit for each calendar year in which the member has 600 hours of service or more but fewer than 2,000 hours of service. The prorated retirement credit shall be calculated by dividing the number of hours of service by 2,000.]

[(5) If an active member of the pension program works as a school employee for one or more participating public employers during a calendar year, and the number of hours of service required for a full-time school employee employed by the participating public employer or employers is less than 2,000, the member accrues retirement credit for the calendar year as follows:]

[(a) The member accrues one full year of retirement credit for the calendar year if the member's hours of service as a school employee are equal to or greater than the number of hours of service required of a full-time school employee employed in the same position or a comparable position by the participating public employer or employers during the calendar year.]

[(b) The member accrues a prorated year of retirement credit for each calendar year in which the member has at least 600 hours of service but less than the number of hours of service required of a full-time school employee employed in the same position or a comparable position by the participating public employer or employers during the calendar year. The prorated retirement credit shall be calculated by dividing the number of the member's hours of service as a school employee by the number of hours of service required of a full-time school employee in the same position or a comparable position.]

[(c) The Public Employees Retirement Board shall adopt rules governing the accrual of retirement credit on a prorated basis by an active member who works in both a school employee position and another qualifying position during the same calendar year, or who works as a school employee for more than one participating public employer during the same calendar year.]

1 *[(6) An active member of the pension program who works as an academic employee of a community*
2 *college during a calendar year:]*

3 *[(a) Accrues one full year of retirement credit for the calendar year if the member is employed 1.0*
4 *full-time equivalent on a nine-month or 12-month basis.]*

5 *[(b) Accrues a prorated year of retirement credit for each calendar year in which the member per-*
6 *forms the services of less than 1.0 full-time equivalent. The member is entitled to prorated retirement*
7 *credit under this paragraph in an amount determined by dividing by 1,200 the number of hours cal-*
8 *culated to be the equivalent of the percentage in excess of 0.375 full-time equivalent for a member em-*
9 *ployed on a 12-month basis, or in excess of 0.50 full-time equivalent for a member employed on a*
10 *nine-month basis.]*

11 [(7)] (5) For purposes of this section, “school employee” means:

12 (a) A person who is employed by a common school district, a union high school district or an
13 education service district;

14 (b) An employee of the State Board of Higher Education or the Oregon Health and Science
15 University who is engaged in teaching or other school activity at an institution of higher education;

16 (c) An employee of the Department of Human Services, the Oregon Youth Authority, the De-
17 partment of Corrections or the State Board of Education who is engaged in teaching or other school
18 activity at an institution supervised by the authority, board or department; and

19 (d) An employee of a community college district other than an academic employee.

20 **SECTION 9.** ORS 238A.130 is amended to read:

21 238A.130. (1) Except as provided in subsection (3) of this section, for purposes of the computa-
22 tion of pension program benefits under ORS 238A.125, “final average salary” means whichever of the
23 following is greater:

24 (a) The average salary per calendar year paid to an active member in the three consecutive
25 calendar years of membership that produce the highest average salary, including calendar years in
26 which the member was employed for less than a full calendar year. If the number of consecutive
27 calendar years of active membership before the effective date of retirement of the member is three
28 or less, the final average salary for the member is the average salary per calendar year paid to the
29 member in all of those years, without regard to whether the member was employed for full calendar
30 years.

31 (b) One-third of the total salary paid to an active member in the last 36 calendar months of
32 membership before the effective date of retirement of the member.

33 (2) For the purposes of calculating the final average salary of a member under subsection (1)
34 of this section, the Public Employees Retirement Board shall:

35 (a) Include any salary paid in or for the calendar month of separation from employment;

36 (b) Exclude any salary for any pay period before the first full pay period that is included in the
37 three consecutive calendar years of membership under subsection (1)(a) of this section; and

38 (c) Exclude any salary for any pay period before the first full pay period that is included in the
39 last 36 calendar months of membership under subsection (1)(b) of this section.

40 (3) For purposes of the computation of pension program benefits under ORS 238A.125 of a person
41 employed by a local government as defined in ORS 174.116, “final average salary” means whichever
42 of the following is greater:

43 (a) The average salary per calendar year earned by an active member in the three consecutive
44 calendar years of membership that produce the highest average salary, including calendar years in
45 which the member was employed for less than a full calendar year. If the number of consecutive

1 calendar years of active membership before the effective date of retirement of the member is three
2 or less, the final average salary for the member is the average salary per calendar year earned by
3 the member in all of those years, without regard to whether the member was employed for full cal-
4 endar years.

5 (b) One-third of the total salary earned by an active member in the last 36 calendar months of
6 membership before the effective date of retirement of the member.

7 *[(4) For purposes of calculating the final average salary for a member during any period in which*
8 *the member worked in a qualifying position that requires fewer than 2,000 hours of service in a cal-*
9 *endar year, the salary of the member for that period is the salary that would have been paid if the*
10 *member had worked in the same position on a full-time basis.]*

11 [(5)] (4) For the purposes of calculating the final average salary of a member under this section,
12 the salary of the member does not include any amounts attributable to hours of overtime that exceed
13 the average number of hours of overtime for the same class of employees as established by rule of
14 the Public Employees Retirement Board. The Oregon Department of Administrative Services shall
15 establish by rule more than one overtime average for a class of state employees based on the ge-
16 ographic placement of the employees.

17 **SECTION 10.** ORS 238A.142 is amended to read:

18 238A.142. (1) *[Subject to ORS 238A.140 (6),]* An academic employee of a community college who
19 during a calendar year is employed 0.375 full-time equivalent on a 12-month basis, or is employed
20 0.50 full-time equivalent on a nine-month basis, is considered to have performed 600 hours of service
21 in the calendar year for all purposes under this chapter.

22 *[(2) Subject to ORS 238A.140 (6), an academic employee of a community college who during a*
23 *calendar year is employed 1.0 full-time equivalent on a nine-month or 12-month basis is considered to*
24 *have performed 1,200 hours of service in the calendar year for all purposes under this chapter.]*

25 [(3)] (2) The governing body of a community college shall determine the duties of an academic
26 employee of the community college that constitute a full-time equivalent in any discipline or aca-
27 demic activity for the purposes of this section.

28 **SECTION 11.** **The amendments to ORS 238A.130, 238A.140 and 238A.142 by sections 8, 9**
29 **and 10 of this 2007 Act apply to all service by members of the Public Employees Retirement**
30 **System, whether performed before, on or after the effective date of this 2007 Act.**

31
32 **MISCELLANEOUS**

33
34 **SECTION 12.** **The unit captions used in this 2007 Act are provided only for the conven-**
35 **ience of the reader and do not become part of the statutory law of this state or express any**
36 **legislative intent in the enactment of this 2007 Act.**