

A-Engrossed
House Bill 3451

Ordered by the House May 8
Including House Amendments dated May 8

Sponsored by Representative BUTLER; Representative SCHAUFLEER (at the request of Oregon School Boards Association)

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.

Modifies manner in which retirement credit is calculated under Oregon Public Service Retirement 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.*] **Provides that pension program members accrue one year of retirement for each full year of service and one-twelfth year of credit for each full month and each major fraction of month of service.**

Establishes that pension program member who is school employee accrues at least six months of retirement credit if member is employed for major fraction of each month of school year that falls between January 1 and June 30 and at least six months of retirement credit if member is employed for major fraction of each month of school year that falls between July 1 and December 31.

[*Provides that members of Public Employees Retirement System entitled to receive benefits under ORS chapter 238 accrue month of creditable service for month in which member has 50 or more hours of creditable service.*]

Applies to all service by members of [system] **plan**, whether performed before, on or after effective date of Act.

A BILL FOR AN ACT

1
2 Relating to public employee retirement; creating new provisions; and amending ORS 238A.130,
3 238A.140 and 238A.142.

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

5 **SECTION 1.** ORS 238A.140 is amended to read:

6 238A.140. [*(1) A pension program member shall accrue no retirement credit for any calendar year*
7 *in which the member has fewer than 600 hours of service. A member may not accrue more than one*
8 *full year of retirement credit in any calendar year.*]

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

12 **(2) An active member who is a school employee accrues at least six months of retirement**
13 **credit if the member performs service for a major fraction of each month of a school year**
14 **that falls between January 1 and June 30, and at least six months of retirement credit if the**
15 **member performs service for a major fraction of each month of a school year that falls be-**
16 **tween July 1 and December 31.**

17 [(2)] **(3)** When an eligible employee becomes a member under ORS 238A.100, the board shall
18 credit the eligible employee with retirement credit for the period of employment required of the
19 employee under ORS 238A.100.

20 **(4) A member may not accrue more than one full year of retirement credit in any cal-**

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 **endar year.**

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

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

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

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

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

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

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

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

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

37 [(7) **(5)** For purposes of this section, "school employee" means:

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

40 (b) An employee of the State Board of Higher Education [*or the Oregon Health and Science*
41 *University*] who is engaged in teaching or other school activity at an institution of higher education;
42 **and**

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

1 *[(d) An employee of a community college district other than an academic employee.]*

2 **SECTION 2.** ORS 238A.130 is amended to read:

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

6 (a) The average salary per calendar year paid to an active member in the three consecutive
7 calendar years of membership that produce the highest average salary, including calendar years in
8 which the member was employed for less than a full calendar year. If the number of consecutive
9 calendar years of active membership before the effective date of retirement of the member is three
10 or less, the final average salary for the member is the average salary per calendar year paid to the
11 member in all of those years, without regard to whether the member was employed for full calendar
12 years.

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

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

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

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

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

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

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

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

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

38 *[(5)]* (4) For the purposes of calculating the final average salary of a member under this section,
39 the salary of the member does not include any amounts attributable to hours of overtime that exceed
40 the average number of hours of overtime for the same class of employees as established by rule of
41 the Public Employees Retirement Board. The Oregon Department of Administrative Services shall
42 establish by rule more than one overtime average for a class of state employees based on the ge-
43 ographic placement of the employees.

44 **SECTION 3.** ORS 238A.142 is amended to read:

45 238A.142. (1) *[Subject to ORS 238A.140 (6),]* An academic employee of a community college who

1 during a calendar year is employed 0.375 full-time equivalent on a 12-month basis, or is employed
2 0.50 full-time equivalent on a nine-month basis, is considered to have performed 600 hours of service
3 in the calendar year for all purposes under this chapter.

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

7 [(3)] (2) The governing body of a community college shall determine the duties of an academic
8 employee of the community college that constitute a full-time equivalent in any discipline or aca-
9 demic activity for the purposes of this section.

10 **SECTION 4. The amendments to ORS 238A.130, 238A.140 and 238A.142 by sections 1, 2 and**
11 **3 of this 2007 Act apply to all service by members of the Public Employees Retirement Sys-**
12 **tem, whether performed before, on or after the effective date of this 2007 Act.**