



# Oregon

Kate Brown, Governor

## Public Employees Retirement System

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May 11, 2015

TO: Members of the Senate Committee on Workforce

FROM: Steven Patrick Rodeman, PERS Executive Director

SUBJECT: HB 3495 – Contribution Start Date for New OPSRP Members

The Oregon Public Service Retirement Plan (OPSRP) was created for persons who, on or after August 29, 2003, first entered public employment in a position that qualifies for PERS benefits. If that person completed their “waiting time” (generally, six months’ employment), they became an OPSRP member as of the first of the next month. Employer contributions then became due based on salary paid to that person, and member contributions of 6% of their salary became due to the Individual Account Program. The OPSRP statute created a different “Contribution Start Date” than was used for Tier One or Tier Two members who began their public service before OPSRP was created:

<b>Tier One/Tier Two (ORS 238.015 (1))</b>	<b>OPSRP (ORS 238A.100)</b>
“Contributions for new members shall first be made for those wages that are attributable to services performed by the employee during the first full pay period following the six months’ period.”	Contributions are due from salary paid to a member; membership starts “... on the first day of the month after the employee completes six full calendar months of employment.”

This new standard proved to be confusing for employers and PERS. The calendar month of March 2015 illustrates some inconsistent outcomes that this new standard creates:

<b>MARCH 2015</b>						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	31	31				

The state of Oregon pays on the first of the month for work performed the previous month, unless the first is on a weekend or holiday. The first salary paid to a new OPSRP member with a Contribution Start Date of March 1 that would be subject to contributions is for April 1. A new member as of April 1 would be paid salary that is subject to contributions on that date, but the salary is for work performed before that person became a member. These results are further compounded by the myriad pay periods and pay dates used by the hundreds of PERS participating employers.

House Bill 3495 would revert to the Contribution Start Date standard that was used for Tier One and Tier Two. Hopefully, a clearer standard would result in more uniform application by employers and clearer outcomes for members starting in OPSRP.