
MEMORANDUM

Legislative Fiscal Office
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To: Human Services Subcommittee of the Joint Committee on Ways and Means

From: Laurie Byerly, Legislative Fiscal Office
503-986-1833

Date: June 22, 2015

Subject: HB 2618 - Relating to members of the Public Employees Retirement System employed by the Department of Human Services at residential facilities
Work Session Recommendation

House Bill 2618 extends Public Employees Retirement System (PERS) police and fire benefits to employees who work in the Stabilization and Crisis Unit within the Department of Human Services. Employees classified as police and fire under PERS statutes can retire at an earlier age and have a higher benefit factor used in calculating their retirement benefits.

The measure previously had hearings in House Business and Labor on February 18 and 21, and March 6. It had a public hearing in this Subcommittee on June 11. Measure-related materials are available on the Oregon Legislative Information System (OLIS).

The bill's fiscal impact is tied to the higher rate (police and fire instead of general service) DHS will be charged for these employees. This will fluctuate based on actual employee salaries but is estimated to cost approximately \$1,418,668 Total Funds (\$528,450 General Funds plus \$890,218 Federal Funds) per biennium.

Amendment

The proposed -A4 amendment clarifies the relationship between these employees and the residents they care for and adds appropriation language to address the fiscal impact.

Motion: I move the -A4 amendment to HB 2618.

Measure as Modified

The measure, as amended, is recommended to be moved to the Full Committee on Joint Ways and Means.

Motion: I move HB 2618 to the Joint Committee on Ways and Means with a "do pass" recommendation, as amended.

Assignment of Carriers

Full: _____

1st Chamber: _____

2nd Chamber: _____

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2618 - A4

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Laurie Byerly, John Borden, Linda Ames
Date: 6/18/2015

Measure Description:

Provides that employees of Department of Human Services whose duties include maintaining safety, behavior and control of residents of certain residential facilities qualify as police officers under Public Employees Retirement System.

Government Unit(s) Affected:

Department of Human Services (DHS), Public Employees Retirement System (PERS), Oregon Health Authority (OHA)

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

House Bill 2618 classifies employees of the Department of Human Services (DHS) working in certain residential facilities whose duties include maintaining safety, behavior and control of residents as Police and Fire (P&F) service under the Public Employees Retirement System (PERS). This classification affects the age and years of service an employee must work in order to be eligible for retirement. Typically, state employees are eligible for retirement at age 58 (if hired before 1/1/96) or 60 (if hired after 1/1/96). An employee classified as P&F is eligible for retirement at the age of 55. The P&F classification also reduces the required amount of service years from 30 to 25.

The – A4 amendment clarifies language defining this category of employees. These changes do not change the fiscal determination. The – A4 amendment also appropriates \$528,450 General Fund, and allocates \$890,218 Federal Funds to the Department of Human Services (DHS) to cover PERS contributions costs.

Department of Human Services (DHS)

With passage of this bill, DHS projects that its PERS contributions for these newly classified employees would increase by approximately \$1,418,668 Total Funds (\$528,450 General Funds plus \$890,218 Federal Funds) per biennium. This number is calculated using budgeted salaries for the approximately 600 DHS Stabilization and Crisis Units positions and applying the Department of Administrative Services (DAS) Other Payroll Expenses (OPE) PERS rate for agencies with significant P&F service employees; that rate is 18.67% compared to 15.79% for other DHS employees. In addition to this roughly quantifiable PERS contribution cost, passage of this bill could result in other expenses that cannot be predicted at this time, including potential overtime and recruitment expenses to compensate for early retirement.

Oregon Health Authority (OHA)

Passage of this bill could have an impact on the cost of retention and recruiting for OHA whose employees (e.g. Oregon State Hospital) do not have this classification. At this time, this cost cannot be quantified.

Public Employees Retirement System (PERS)

This bill is anticipated to have minimal impact on PERS.

Fiscal: Fiscal impact issued

Revenue: No Revenue Impact

Action Date: 03/06/15

Action: Do Pass As Amended, Be Printed Engrossed, And Bill Be Referred To Ways
And Means.

Meeting Dates: 02/18, 02/27, 03/06

Vote:

Yeas: 10 - Barreto, Barton, Doherty, Evans, Fagan, Heard, Holvey, Kennemer, Nosse, Weidner

Exc: 1 - Esquivel

Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Classifies as “police officer” under Public Employees Retirement System any employees of the Department of Human Services whose duties include maintaining safety, behavior and control and residents of certain residential facilities. Applies police and fire level of benefits to service performed on and after the effective date. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Working conditions in a Stabilization and Crisis Unit
- Justification for Police and Fire classification in Public Employees Retirement System
- Concern with labeling caregivers as police officers

EFFECT OF COMMITTEE AMENDMENT:

Applies police and fire level of benefits to service performed on and after the effective date.

BACKGROUND:

Oregon’s Public Employees Retirement System (PERS) enables public employers to provide their employees with retirement benefits. State government, public schools, community colleges, and many local governments (cities, counties, and special districts) participate in PERS. There are approximately 900 public employers currently participating in PERS, covering about 95 percent of all public employees in Oregon.

There are two types of classifications for all primary PERS plans. Examples of qualified positions for the Police and Fire (P&F) classification include certain Department of Corrections employees, Oregon State Police officers, local government police officers, parole and probation officers, the state and deputy state fire marshal, and persons employed by cities, counties, or districts whose duties involve firefighting. All other qualifying positions are classified as General Service. For both General Service and P&F, the level of benefits differs depending on the hire date. An employee is a Tier One member if they began working for a PERS-participating employer before January 1, 1996; Tier Two employees are those who were first employed on or after January 1, 1996 and before August 29, 2003. All other employees are members of the OPSRP Pension Program.

Employees classified as P&F under PERS statutes can retire at an earlier age and have a higher benefit factor used in calculating their retirement benefits.

House Bill 2618-A classifies as “police officers” under PERS statutes employees of the Department of Human Services whose duties include maintaining safety, behavior and control of the residents of residential facilities that house individuals with intellectual or developmental disabilities on or after the effective date of the Act.

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2618**

1 On page 4 of the printed A-engrossed bill, delete lines 26 through 28 and
2 insert:

3 “(v) Employees of the Department of Human Services who are prohibited
4 from striking under ORS 243.726 and whose duties include the care of resi-
5 dents of residential facilities, as defined in ORS 443.400, that house individ-
6 uals with intellectual or developmental disabilities.”.

7 On page 5, delete lines 40 through 45.

8 On page 6, delete lines 1 through 10 and insert:

9 **“SECTION 2. (1) The amendments to ORS 238.005 by section 1 of this**
10 **2015 Act apply only to a person:**

11 **“(a) Who is employed by the Department of Human Services on the**
12 **effective date of this 2015 Act as a person who is prohibited from**
13 **striking under ORS 243.726 and whose duties include the care of resi-**
14 **dents of residential facilities, as defined in ORS 443.400, that house**
15 **individuals with intellectual or developmental disabilities; or**

16 **“(b) Who becomes employed by the department after the effective**
17 **date of this 2015 Act as a person who is prohibited from striking under**
18 **ORS 243.726 and whose duties include the care of residents of residen-**
19 **tial facilities, as defined in ORS 443.400, that house individuals with**
20 **intellectual or developmental disabilities.**

21 **“(2) A person who is employed by the Department of Human Ser-**
22 **vices under subsection (1)(a) of this section is entitled to service under**

1 the Public Employees Retirement System as a police officer only for
2 service performed on or after the effective date of this 2015 Act as an
3 employee of the department who is prohibited from striking under
4 ORS 243.726 and whose duties include the care of residents of residen-
5 tial facilities, as defined in ORS 443.400, that house individuals with
6 intellectual or developmental disabilities.

7 **“SECTION 3.** Notwithstanding any other provision of law, the
8 General Fund appropriation made to the Department of Human Ser-
9 vices by section 1 (3), chapter __, Oregon Laws 2015 (Enrolled House
10 Bill 5026), for the biennium beginning July 1, 2015, for aging and people
11 with disabilities and intellectual/developmental disabilities programs,
12 is increased by \$528,450, for the purpose of implementing section 2 of
13 this 2015 Act and the amendments to ORS 238.005 by section 1 of this
14 2015 Act.

15 **“SECTION 4.** Notwithstanding any other law limiting expenditures,
16 the limitation on expenditures established by section 3 (3), chapter __,
17 Oregon Laws 2015 (Enrolled House Bill 5026) for the biennium begin-
18 ning July 1, 2015, as the maximum limit for payment of expenses from
19 federal funds, excluding federal funds described in section 2, chapter
20 __, Oregon Laws 2015 (Enrolled House Bill 5026), collected or received
21 by the Department of Human Services, for aging and people with dis-
22 abilities and intellectual/developmental disabilities programs, is in-
23 creased by \$890,218, for the purpose of implementing section 2 of this
24 2015 Act and the amendments to ORS 238.005 by section 1 of this 2015
25 Act.”.

26 In line 11, delete “3” and insert “5”.

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