

STAFF MEASURE SUMMARY

House Committee On Business and Labor

Fiscal: Fiscal impact issued

Revenue: No Revenue Impact

Action Date: 04/10/15

Action: Do Pass.

Meeting Dates: 04/01, 04/10

Vote:

Yeas: 9 - Barton, Doherty, Esquivel, Evans, Fagan, Heard, Holvey, Kennemer, Nosse

Exc: 2 - Barreto, Weidner

Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Provides for employer and employee contributions to pension program and individual account program (IAP) of Oregon Public Service Retirement Plan to first be made for new members for wages attributed to services performed for the first full pay period following the six-month probationary period, without regard to when wages are considered earned for other purposes.

ISSUES DISCUSSED:

- Impact to existing Public Employee Retirement System (PERS) members
- Bill clarifies contribution start date for those who become members after the effective date
- PERS is addressing the problem for existing members with incorrect contribution start date

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Public Service Retirement Plan (OPSRP) is for public employees who first entered public employment in a position eligible for PERS benefits on or after August 29, 2003. (Public employees who began working prior to that day are in either the Tier One or Tier Two benefit plan, depending on their original start date.) After a six-month waiting period, the employee becomes an OPSRP member as of the first of the next month. Employer contributions are then due based on the employee's salary. The OPSRP statute uses a different "contribution start date" than was used for Tier One and Tier Two members. The start date language resulted in confusion for both employers and PERS because the first contributions are based on a salary earned when the employee was not yet a PERS member. An internal audit identified inconsistent reporting of contributions among employers on the first payroll following a member's contribution start date, noting that some employers were correctly paying and other were not beginning to make contributions until the next month. House Bill 3495 would use the same contribution start date standard that is used for Tier One and Tier Two.