

SB 200 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: John Borden, Budget Analyst

Meeting Dates: 6/19, 6/21

WHAT THE MEASURE DOES:

Expands eligibility for members of Public Employees Retirement System to purchase retirement credit to any person who entered or reentered active service in uniformed services after January 1, 1950, or who was in active service in uniformed services on January 1, 1950. Defines uniformed services. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Genesis of the measure
- Difference between armed and uniform services
- Methodology for determining full cost purchase of retirement service credits
- Member cost-benefit analysis of determining when to purchase retirement service credits
- Minimal fiscal impact

EFFECT OF AMENDMENT:

No amendment.

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. Public employers currently participating in PERS cover about 95 percent of all public employees in Oregon.

Under current law, a PERS member may augment his or her total public service time at retirement for purposes of calculating retirement benefits by purchasing retirement credits for periods of service in the uniformed services. By statute, a PERS member may purchase credit for up to four years of active service in the Armed Forces of the United States performed on or after January 1, 1950. (ORS 238.157). Also by statute, a PERS member may purchase credit for periods of service in the uniformed services if the member leaves a qualifying position for the purpose of performing service in the uniformed services and returns to a qualifying position within five years. (ORS 238.156). The statute provides the scope and requirements to purchase retirement credits for service with the Armed Forces but does not define uniformed services. It requires the Public Employees Retirement Board (PERB) to adopt rules establishing the contributions, benefits, and service credit for any period of service in the uniformed services other than the Armed Forces. The Oregon Administrative Rules define uniformed services to include the Armed Forces, Army National Guard, Air National Guard, commissioned corps of the Public Health Service, and any other category of individuals designated by the U.S. President in time of war or national emergency. (OAR 459-011-0100)

To purchase retirement credits for service performed in the uniformed service during a period prior to employment for a PERS employer, a PERS member must pay a lump sum amount determined by the PERB to represent the full cost to the system of providing the retirement credit to the member. To purchase retirement credits for service performed in the uniformed services during a period of leave from qualifying employment, the amount and method of payment is provided by statute for service in the Armed Forces (OAR 238.156(3)) and by administrative rule for all other uniformed services. (OAR 459-011-0100(5)).

SB 200 defines "uniformed services," incorporating those services identified in OAR 459-011-0100 and adding the commissioned corps of the National Oceanic and Atmospheric Administration. SB 200 also permits PERS members to

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purchase retirement credit for active service on or after January 1, 1950, in "uniformed services," which expands eligibility beyond active service in the U.S. Armed Forces.

PERS members are eligible to purchase retirement credits in other circumstances, including for restoration of forfeited credit (ORS 238.105 to 238.120), for probationary periods (ORS 238.125 to 238.140), for periods of service as a police officer or firefighter with nonparticipating employer (ORS 238.145), for service as a public safety officer in another state (ORS 238.148), for service while on loan to the federal government (ORS 238.160), for service as a teacher in public schools of another state (ORS 238.162), for certain periods of employment by the Legislative Assembly (ORS 238.165), and for periods of disability (ORS 238.175).