

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2875**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Excludes hours of overtime worked for Oregon State Police from limitations on inclusion of overtime in final average salary for purposes of Oregon Public Service Retirement Plan.

Government Unit(s) Affected:

Department of State Police, Public Employees Retirement System

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

See Analysis

Analysis: The measure would remove the cap that limits the amount of overtime that can be included in the member's final average salary (FAS). Under the Oregon Public Service Retirement Plan (OPSRP) a member's retirement benefit is based on their final average salary. The measure would lift the limit on overtime hours worked by Oregon State Police (OSP) Officers. Currently, for the purposes of the final average salary it is calculated on the hours exceeding the average number of hours for the same class of employees, and any hours exceeding that average is not counted towards the final average salary.

The fiscal impact of the measure on OSP is indeterminate. Eliminating the current statutory cap on overtime for OSP Police and Fire-eligible (P&F) OPSRP members would increase a member's FAS resulting in an incrementally higher benefit upon retirement. OSP would pay the enhanced benefit through higher Public Employees Retirement System (PERS) P&F employer contribution rates, whose predominant revenue source would be the General Fund. The fiscal impact depends upon the amount of overtime incurred above the current statutory cap of 300 hours, for which no reliable estimate exists. Absent data on the increase in overtime hours, PERS cannot calculate the impact on OSP's P&F employer contribution rates. The measure would have a de minimis increase to the PERS Unfunded Actuarial Liability.

PERS anticipates that the exceptions granted by the measure would require programming, data, and actuarial services to make the changes. PERS anticipates the additional costs for these activities is \$358,742 Other Funds that can be absorbed with existing resources.