

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2297 - 2

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Tim Walker
Reviewed by: John Borden
Date: 03/21/2023

Measure Description:

Requires Public Employees Retirement Board to study retirement credit for military service.

Government Unit(s) Affected:

Public Employees Retirement System

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis: The measure allows up to three years of retirement credit for active service in the uniformed services for police officers or firefighters (P&F) who retire from the Public Employees Retirement System (PERS). To qualify, the active service must occur after January 1, 1950, and the member must be other than dishonorably discharged. Members cannot receive credit for periods of service they are already receiving retirement credit for through PERS or for service they are receiving or entitled to a federal military pension or retirement. Any Oregon Public Service Retirement Plan (OPSRP) member who was in or who entered active service in the uniformed services on or after January 1, 1950, who was other-than-dishonorably discharged and subsequently began working for a PERS-participating employer, and whose last qualifying position before retirement was as a police officer or firefighter is eligible for the retirement credit so long as they are not eligible to receive retirement credit under the provisions of ORS 238A.150 or retirement benefits from a retirement system established by the US government for the same time. The measure is effective on January 1, 2024 for OPSRP plan members whose date of retirement is on or after the effective date of the measure.

The fiscal impact is indeterminate for both state and local public safety employers who would be required to pay for the enhanced benefit. The measure is unclear how employers would pay for the benefit, which could be either by direct billing to the employer or through higher PERS P&F employer contribution rates. The fiscal impact depends upon the number of eligible or qualifying P&F participants under the measure.

PERS anticipates that the jClarity information technology system will need programming to allow the changes anticipated by this measure and that the agency will need to create new processes, forms, manuals, and pre-retirement guides, and training, to reflect the changes contemplated by the measure. The agency’s website site would also need to be updated. PERS estimates these cost to total \$962,000 Other Funds. ORS 238.610 directs that the administrative operations expenses for the agency are to be paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers.

The measure requires a referral to the Joint Committee on Ways and Means for consideration of the budgetary impact on PERS’s administrative budget.