

# House Bill 2875

Sponsored by Representative EVANS, Senators GORSEK, MANNING JR; Senators PATTERSON, SOLLMAN (Pre-session filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

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.

## A BILL FOR AN ACT

1  
2 Relating to final average salary under the Oregon Public Service Retirement Plan; creating new  
3 provisions; and amending ORS 238A.130.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 238A.130 is amended to read:

6 238A.130. (1) Except as provided in subsection (3) of this section, for purposes of the computa-  
7 tion of pension program benefits under ORS 238A.125, "final average salary" means whichever of the  
8 following is greater:

9 (a) The average salary per calendar year paid to an active member in the three consecutive  
10 calendar years of membership that produce the highest average salary, including calendar years in  
11 which the member was employed for less than a full calendar year. If the number of consecutive  
12 calendar years of active membership before the effective date of retirement of the member is three  
13 or less, the final average salary for the member is the average salary per calendar year paid to the  
14 member in all of those years, without regard to whether the member was employed for full calendar  
15 years.

16 (b) One-third of the total salary paid to an active member in the last 36 calendar months of  
17 membership before the effective date of retirement of the member.

18 (2) For the purposes of calculating the final average salary of a member under subsection (1)  
19 of this section, the Public Employees Retirement Board shall:

20 (a) Include any salary paid in or for the calendar month of separation from employment;

21 (b) Exclude any salary for any pay period before the first full pay period that is included in the  
22 three consecutive calendar years of membership under subsection (1)(a) of this section; and

23 (c) Exclude any salary for any pay period before the first full pay period that is included in the  
24 last 36 calendar months of membership under subsection (1)(b) of this section.

25 (3) For purposes of the computation of pension program benefits under ORS 238A.125 of a person  
26 employed by a local government as defined in ORS 174.116, "final average salary" means whichever  
27 of the following is greater:

28 (a) The average salary per calendar year earned by an active member in the three consecutive  
29 calendar years of membership that produce the highest average salary, including calendar years in  
30 which the member was employed for less than a full calendar year. If the number of consecutive  
31 calendar years of active membership before the effective date of retirement of the member is three

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 or less, the final average salary for the member is the average salary per calendar year earned by  
2 the member in all of those years, without regard to whether the member was employed for full cal-  
3 endar years.

4 (b) One-third of the total salary earned by an active member in the last 36 calendar months of  
5 membership before the effective date of retirement of the member.

6 (4) For the purposes of calculating the final average salary of a member under this section, the  
7 salary of the member does not include:

8 (a) Any amounts attributable to hours of overtime that exceed the average number of hours of  
9 overtime for the same class of employees as established by rule of the Public Employees Retirement  
10 Board. The Oregon Department of Administrative Services shall establish by rule more than one  
11 overtime average for a class of state employees based on the geographic placement of the employees.

12 (b) Any increases in salary during the last 36 calendar months of membership before the effec-  
13 tive date of retirement of the member that:

14 (A) Are made by an employer to pay for insurance coverage previously paid for by the employer;  
15 and

16 (B) Are not offered to all employees in the same class of employees as established by rule of the  
17 board under paragraph (a) of this subsection.

18 **(5) Subsection (4)(a) of this section does not apply to hours of overtime worked for the**  
19 **Oregon State Police.**

20 **SECTION 2. The amendments to ORS 238A.130 by section 1 of this 2023 Act apply to**  
21 **members of the Public Employees Retirement System whose effective date of retirement is**  
22 **on or after the effective date of this 2023 Act.**

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