

SUBCOMMITTEE RECOMMENDATION

HB 4045

Relating to adjustments in classifications under the Public Employees Retirement System

To: Ways and Means Full Committee
From: General Government Subcommittee
Carrier: Representative Gomberg

HB 4045 contains provisions modifying select Public Employee Retirement System pension benefits. The measure:

- Lowers prospectively the normal retirement age for police officers and firefighters under the Oregon Public Service Retirement Plan;
- Recategorizes prospectively elected district attorneys from General Service to Police and Fire members in Tier One, Tier Two, and Oregon Public Service Retirement Plan pension plans;
- Recategorizes prospectively Oregon State Police forensic scientists and evidence technicians in Tier One, Tier Two, and Oregon Public Service Retirement Plan pension plans from General Service to Police and Fire members; and
- Establishes a new hazardous position classification within the Oregon Public Service Retirement Plan pension plan. This benefit becomes operative on January 1, 2030 or the 2029-31 biennium and is retroactive back to January 1, 2019 for qualifying members.

Employer contribution rates have already been adopted for the 2023-25 biennium.

Employer contribution rates for the 2025-27 biennium will reflect the incremental increase for Police and Fire benefit changes. Employer contribution rates for the 2031-33 biennium will begin to reflect the cost of the hazardous position benefit plan.

PERS' consulting actuary estimates that the lowering of the normal retirement age for police officers and firefighters will increase, on a one-time basis, the Unfunded Actuarial Liability by \$110 million total funds. The impact to recategorizing elected district attorneys and Oregon State Police forensic scientists and evidence technicians is expected to have a de minimis impact on the UAL. At present, the actuary is unable to accurately estimate the UAL impact of the new hazardous benefit plan due to the need for population-specific demographic data from effected employers.

The measure provides \$2 million Other Funds expenditure limitation and 27 limited duration positions for the 2023-25 biennium for PERS to administer and begin implementing the measure. Total costs for implementing the Police and Fire provision are estimated to be \$4.2 million over two biennia beginning with the 2023-25 biennium and \$18.4 million for the hazardous position benefit plan over two biennia starting in the 2027-29 biennium.

The General Government Subcommittee recommends HB 4045 be amended by the –A8 amendment and be reported out do pass, as amended.