

HB 3363 STAFF MEASURE SUMMARY

House Committee On Labor and Workplace Standards

Action Date: 04/09/25

Action: Without recommendation as to passage, be referred to Rules, and then to Ways and Means by prior reference.

Vote: 7-0-0-0

Yeas: 7 - Boshart Davis, Elmer, Fragala, Grayber, Munoz, Nelson, Scharf

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 2/17, 4/9

WHAT THE MEASURE DOES:

The measure modifies how overtime cap is calculated for use in calculating final average salary of members of Oregon Public Service Retirement Plan (OPSRP). Modified overtime cap calculations apply to overtime calculations made in calendar year 2026.

Detailed Summary:

The measure modifies overtime cap calculations for OPSRP members as follows:

- Before July 1 of each year, the participating public employer shall calculate the actual average number of overtime hours that employees in each class of employees employed by the employer performed in the previous calendar year.
- If the average number of overtime hours for a class of employees for the previous calendar year exceeds 105 percent of the existing overtime cap for that class of employees, the average number of overtime hours calculated that year by the public employer shall apply as the overtime cap to the calendar year in which the calculation is made.
- If the average number of overtime hours for a class of employees for the previous calendar year does not exceed 105 percent of the existing overtime cap for that class of employees, the overtime cap for the previous calendar year shall apply to the calendar year in which calculation is made.

Department of Administrative Services (DAS) must calculate required overtime cap separately for each state agency and calculate more than one overtime cap for each class of state employees based on geographic placement of the employees.

Participating public employer is required to maintain records of overtime cap for each class of employee for each calendar year and provide records to the Public Employees Retirement Board upon request.

ISSUES DISCUSSED:

- Frequency of mandatory overtime in Department of Correction (DOC) facilities
- Overtime cap is calculated for use in calculating final average salary of members of Oregon Public Service Retirement Plan (OPSRP)
- Calculation of overtime cap by a public employer
- Retains the cap, modifies to recognize a person works 105 percent of average overtime
- Requirement for the Department of Administrative (DAS) to calculate overtime cap for each agency and geographic region
- Workforce shortages within DOC
- Need for regionally focused overtime cap
- Reason overtime cap was set at 300 hours

EFFECT OF AMENDMENT:

This summary has not been adopted or officially endorsed by action of the committee.

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No amendment.

BACKGROUND:

The Public Employees Retirement System (PERS) provides retirement benefits for state agencies and approximately 900 units of local government. PERS is overseen by a five-member board that appoints an executive director to manage the agency's daily operations, including the management of benefits for more than 393,000 active, inactive, and retired members and beneficiaries. PERS members are in one of three plans, depending on when they first became a member. The three plans are Tier One, Tier Two, and the Oregon Public Service Retirement Plan (OPSRP). PERS members who work in positions that meet the definitions for "police officer" and "firefighter" are eligible for special benefit provisions, such as retiring at an earlier age and calculating their retirement benefit with a higher statutory factor.

Currently, when calculating the final average salary of an OPSRP member, the salary of the member does not include any amounts attributable to hours of overtime that exceed the average number of hours of overtime for the same class of employees as established by rule of the Public Employees Retirement (PERS) Board. The Oregon Department of Administrative Services establishes, by rule, more than one overtime average for a class of state employees based on the geographic placement of the employees.

House Bill 3363 changes how the overtime cap is calculated for purposes of the final average salary of OPSRP members. The measure requires a participating public employer, before July 1 of each year, to calculate the actual average number of overtime hours that employees in each class of employees employed by the employer performed in the previous calendar year. If the actual average number of overtime hours for a class of employees exceeds 105 percent of the existing overtime cap for that class of employees, the average number of overtime hours calculated that year by the public employer will apply for purposes of calculating the final average salary. If the actual average number of overtime hours for a class of employees does not exceed 105 percent of the existing overtime cap for that class of employees, the overtime cap for the previous calendar year will apply for purposes of calculating the final average salary.