

**2019 SUMMARY OF LEGISLATION**

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**PUBLIC  
EMPLOYEES  
RETIREMENT  
SYSTEM  
(PERS)**

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# PERS MEASURES

<b>Benefit Classification and Calculation</b>	Enacted Not Enacted	HB 2417, HB 2972 SB 187, SB 634-A, HB 2646, HB 2647, HB 2786-A, HB 2861-A,
<b>Reemployment</b>	Enacted Not Enacted	-none- SB 768, HB 2838-A,
<b>Unfunded Liability</b>	Enacted Not Enacted	SB 1049, SB 75, SB 705-A,

Picture: Pacific Coast, Tillamook County – [Gary Halvorson, Oregon State Archives](#)

# TASK FORCES AND REPORTING REQUIREMENTS

There were no task forces or reporting requirements involving PERS enacted through legislation during the 2019 session.

### [Senate Bill 75](#)

Not Enacted

#### PERS Employer Incentive Fund

**At the request of:** Governor Kate Brown for Public Employees Retirement System

**Committees:** Senate Workforce, Joint Ways and Means

**Background and Current Law:** In 2018, the Oregon Legislative Assembly passed Senate Bill 1566 creating the Employer Incentive Fund (EIF) to encourage public employers to make extra one-time contributions to the Public Employees Retirement System (PERS). To qualify for EIF an employer must make an extra payment by July 1, 2023. For the first six months of the program, only employers whose unfunded actuarial liability is more than 200 percent of the employer's payroll may apply for EIF funds with any remaining funds available to all other employers thereafter.

**Bill Summary:** Senate Bill 75 would have allowed PERS to require employers to make an extra payment no later than September 30, 2021 and to shorten the one-time open application period from six months to ninety days. Parts of Senate Bill 75 were incorporated into Senate Bill 1049 (2019).

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### [Senate Bill 187](#)

Not Enacted

#### Status of Judicial Marshals with PERS

**At the request of:** Chief Justice Martha L. Walters for Judicial Department

**Committees:** Senate Workforce, Joint Ways and Means

**Background and Current Law:** In 2012, the Legislative Assembly authorized the Chief Justice to appoint staff to provide physical security in state court facilities. In 2015, the Legislative Assembly designated these judicial marshals as "peace officers" which authorized them to lawfully exercise certain powers, such as detaining individuals, subject to the personnel rules and policies established by the Chief Justice. The Legislative Assembly has determined that judicial marshals are not "police officers" for the purposes of the Public Employees Retirement System (PERS).

**Bill Summary:** Senate Bill 187 would have included current and future judicial marshals in the category of police officer for the purposes of PERS.

### [Senate Bill 634-A](#)

Not Enacted

#### PERS Inclusion of Public Charter School Employees Outside of Oregon

**Chief Sponsors:** Sen. Girod

**Committees:** Senate Workforce, Joint Ways and Means

**Background and Current Law:** The statutory definition of "salary," for purposes of the Public Employees Retirement System (PERS), excludes compensation paid to Oregon public employees residing and working outside of Oregon. In 2017, the Legislative Assembly enacted Senate Bill 201, allowing a limited group of employees hired by Oregon public universities who resided and worked outside of Oregon to receive PERS benefits.

**Bill Summary:** Senate Bill 634-A would have allowed public charter school employees who reside and work outside of Oregon to receive PERS benefits provided they were continuously employed in a qualifying position between August 29, 2003, and December 31, 2017; informed they were eligible for retirement benefits; and their employer made PERS contributions.

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### [Senate Bill 705-A](#)

Not Enacted

#### PERS Port of Portland Side Account

**Chief Sponsors:** Sen. Knopp

**At the request of:** Port of Portland

**Committees:** Senate Workforce, Joint Ways and Means

**Background and Current Law:** The Public Employees Retirement System (PERS) pension benefits are funded by a combination of participating employer contributions and earnings on invested funds. Participating employers can make advance lump sum contributions into a side account to offset future expenses. In 2018, the Legislative Assembly enacted Senate Bill 1566 creating the Employer Incentive Fund (EIF), which matches portions of an employer's side account not to exceed twenty-five percent of a qualifying lump sum payment. In addition, employers depositing advance lump sums of \$10 million or more in a side account can choose an amortization period of six, ten, sixteen, or twenty years.

**Bill Summary:** Senate Bill 705-A would have allowed an employer depositing \$10 million or more in a side account (currently only applicable to the Port of Portland) to choose the date on which its amortization period begins, until January 1, 2024.

### **PERS Post-Retirement Work for Teachers**

**Chief Sponsors:** Sens. Monnes Anderson, Knopp, Roblan, Hansell

**Committees:** Senate Workforce, Joint Ways and Means

**Background and Current Law:** State government, public schools, community colleges, and many local governments (cities, counties, and special districts) participate in the Public Employees Retirement System (PERS). If retirees wish to re-enter the workforce, their PERS benefit could be affected based on the plan they retired under, who their employer is, and how many hours they work per year. Any retiree who works for a private-sector or non-PERS covered employer may work unlimited hours without any impact on their level of retirement benefit. To address a labor shortage, the Legislative Assembly passed House Bill 3058 (2015), to allow a retiree to work an unlimited number of hours as a career and technical education (CTE) teacher without any loss of retirement benefits. In 2018, House Bill 4012 extended the sunset on the exemption to June 30, 2023.

**Bill Summary:** Senate Bill 768 would have eliminated the sunset for CTE teachers working unlimited hours and would have expanded the exemption to allow any teacher, including CTE teachers, to work unlimited hours for a school district or education service district. Senate Bill 1049 (2019) incorporates certain aspects of Senate Bill 768.

### [Senate Bill 1049](#)

Effective Date: June 11, 2019

## Omnibus Changes to PERS to Lower Employer Contribution Rates

**Chief Sponsors:** Sen. Courtney; Rep. Kotek

**Committees:** Joint Ways and Means

**Background and Current Law:** Approximately 900 state and local public employers participate in the Public Employees Retirement System (PERS). There are 367,853 members in PERS, with retirees accounting for 40 percent of membership, active non-retirees accounting for 48 percent, and inactive non-retirees making up the balance. Benefit levels vary depending on when the employee entered the system. Tier 1 covers members hired before January 1, 1996; Tier 2 covers members hired between January 1, 1996, and August 28, 2003; and Oregon Public Service Retirement Plan (OPSRP) covers those hired after August 28, 2003. The unfunded actuarial liability for the system is approximately \$26 billion.

**Bill Summary:** Senate Bill 1049 (2019) contains numerous provisions designed to reduce the employer contribution rates. Though many provisions modify the financing of PERS, the purpose of this summary is to focus on the provisions that modify employee benefits and contributions. First, the measure limits the salary used in the calculation of Final Average Salary to \$195,000. This cap applies to all membership levels and will be adjusted annually to reflect cost of living. Second, Senate Bill 1049 (2019) redirects a portion of the employee contribution from the Individual Account Program to partially fund the employee's pension plan. The amount of the redirect depends on the employee's membership level and salary. Third, the measure eliminates the limit on hours a retiree may work for a public employer, but the employer is required to continue making the employer's contribution while the retiree accrues no additional PERS benefit. Finally, the measure allows members with a choice of investment options for the money in their Individual Account Program. Though the effective date of the measure is June 11, 2019, the measure contains various operative and repeal dates.

**Oregon Laws 2019:** Chapter 355

### [House Bill 2417](#)

Effective Date: January 1, 2020

### Death Benefits Under PERS

**At the request of:** House Interim Committee on Business and Labor for City of Eugene

**Committees:** House Business and Labor, Joint Ways and Means

**Background and Current Law:** If a Tier 1 or Tier 2 member of the Public Employees Retirement System (PERS) dies before retiring, the member's designated beneficiary will receive the amount in the member's pension account and the amount in the member's Individual Account Program (IAP) account. Members of PERS who began working after August 28, 2003, are members of the Oregon Public Service Retirement Plan (OPSRP). The spouse of an OPSRP member who dies prior to retirement will receive a death benefit that is the actuarial equivalent of 50 percent of the pension that would have been paid as a retirement benefit to the member and the amount in the IAP account.

**Bill Summary:** House Bill 2417 provides an alternative calculation of death benefit for the surviving spouse of a Public Employees Retirement System member who dies before retiring. The alternative is equivalent to the death benefit under the OPSRP program.

**Oregon Laws 2019:** Chapter 487

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### [House Bill 2646](#)

Not Enacted

### PERS Definition of Salary

**Chief Sponsors:** Rep. Gorsek

**Committees:** House Business and Labor, Joint Ways and Means

**Background and Current Law:** Eligible employees of a participating employer in the Public Employees Retirement System who were hired after August 28, 2003, are members of the Oregon Public Service Retirement Plan (OPSRP). Employees hired prior to that date are either in the Tier 1 or Tier 2 plan. For OPSRP members, their pension benefit is based on salary. Statute defines salary to mean the remuneration paid to an active member in return for services to the participating public employer, including remuneration in the form of living quarters, board or other items of value, to the extent the remuneration is includable in the employee's taxable income under Oregon law.

**Bill Summary:** House Bill 2646 would have treated a housing allowance paid to a prison chaplain who is an OPSRP member as if it were includable in the member's taxable income under Oregon law.

### [House Bill 2647](#)

Not Enacted

#### OHSU Police Officers in PERS

**Chief Sponsors:** Rep. Gorsek

**Committees:** House Business and Labor, Joint Ways and Means

**Background and Current Law:** Public Employees Retirement System (PERS) members are classified as either General Service or Police and Fire (P&F). Employees classified as PERS P&F can retire at an earlier age and have a higher benefit factor used in calculating their retirement benefits. Employees of Oregon Health and Science University (OHSU) who are eligible for a retirement plan have a choice at the time of hire between enrolling in the University Pension Plan (UPP) or PERS. In 2013, the Legislative Assembly amended the definition of police officer for the purposes of PERS to include police officers commissioned by OHSU.

**Bill Summary:** House Bill 2647 would have allowed individuals currently employed as OHSU police officers who elected the UPP retirement plan prior to 2014, when membership in PERS P&F was not an option, to change their election and become a member of PERS P&F going forward.

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### [House Bill 2786-A](#)

Not Enacted

#### Status of District Attorneys in PERS

**At the request of:** Multnomah County Prosecuting Attorneys Association

**Committees:** House Business and Labor, Joint Ways and Means

**Background and Current Law:** Public Employees Retirement System (PERS) members are classified as either General Service or Police and Fire (P&F). Employees classified as P&F under PERS statutes can retire at an earlier age and have a higher benefit factor used in calculating their retirement benefits. These enhanced benefits raise the costs of benefits members earn while in that status by four to five percent of payroll. Those costs increase further if existing General Service members move into P&F status.

**Bill Summary:** House Bill 2786-A would have reclassified district attorneys and deputy district attorneys as “police officers” under PERS statutes, making those members eligible for P&F benefits. The P&F benefits would have applied only to service performed on or after the measure’s effective date.

### [House Bill 2838-A](#)

Not Enacted

#### **PERS Post-Retirement Work for Police Officers**

**Chief Sponsors:** Reps. Doherty, Noble, Stark

**At the request of:** Oregon School Board Association

**Committees:** House Business and Labor, Joint Ways and Means

**Background and Current Law:** Oregon's Public Employees Retirement System (PERS) enables public employers to provide their employees with retirement benefits. In general, a Tier 1 or Tier 2 retired PERS member working for a participating public employer can continue to receive retirement benefits if the total period of combined employment with one or more participating public employers does not total more than 1,039 hours in a calendar year. There are numerous exemptions to the limit on hours a retiree can work. Retirement benefit payments will cease for a retiree under the Oregon Public Service Retirement Plan (OPSRP) if they are employed in a qualifying position by a participating employer.

**Bill Summary:** House Bill 2838-A would have exempted retired police officers under PERS from post-retirement work limits when employed by a school district to provide law enforcement, security, or safety services. Senate Bill 1049 (2019) incorporates certain aspects of House Bill 2838-A.

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### [House Bill 2861-A](#)

Not Enacted

#### **Individual Account Program of PERS**

**At the request of:** Rep. Paul Holvey

**Committees:** House Business and Labor, Joint Ways and Means

**Background and Current Law:** The Individual Account Program (IAP) of the Public Employees Retirement System includes over 250,000 member accounts for Tier One, Tier Two, and Oregon Public Service Retirement Plan benefit plans. The IAP, an account-based plan nearly identical to a defined contribution plan, is funded with member contributions, which is six percent of a member's salary. Member funds are placed in a target-date fund, and members are not able to choose another investment strategy.

**Bill Summary:** House Bill 2861-A would have allowed members to choose their IAP investment strategy beginning January 1, 2020. Senate Bill 1049 (2019) incorporates certain aspects of House Bill 2861-A.

**Retirement of Employees of Harney County Health District**

**Chief Sponsors:** Rep. Findley

**Committees:** House Business and Labor, Joint Ways and Means

**Background and Current Law:** Oregon's Public Employees Retirement System (PERS) enables public employers to provide their employees with retirement benefits. In general, a Tier 1 or Tier 2 retired PERS member working for a participating public employer can continue to receive retirement benefits if the total period of combined employment with one or more participating public employers does not total more than 1,039 hours in a calendar year. There are numerous exemptions to the limit on hours a retiree can work. Retirement benefit payments will cease for a retiree under the Oregon Public Service Retirement Plan if they are employed in a qualifying position by a participating employer.

**Bill Summary:** House Bill 2972 allows Tier 1 or Tier 2 retirees to work an unlimited number of hours without any loss of retirement benefits if they are employed by the Harney County Health District as a licensed, registered, or certified provider of health services. The measure also allows the Health District to offer retirement benefits that are an alternative to PERS.

**Oregon Laws 2019:** Chapter 496