



Oregon

Kate Brown, Governor

Public Employees Retirement System

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June 12, 2015

TO: Members of the PERS Employer Advisory Group

FROM: Yvette Elledge-Rhodes, Customer Services Division Administrator

SUBJECT: **Revised OPSRP Contribution Start Date Fiscal Impact Summary**
(Missing Contributions for the First Pay Date On or After the Contribution Start Date)

Introduction

For OPSRP employees with hire dates on or after 8/29/03 and Contribution Start Dates (CSD) or membership dates on or after 3/1/04 (the earliest possible CSD for an OPSRP member) but before 1/1/16, contributions are based on a member's salary and are due when the salary is paid. Salary that is missing contributions from the first pay date on or after membership is established must be corrected. This may create a financial impact for employers for prior year corrections.

Analysis

PERS identified a population of accounts where contributions should have been reported on or after the CSD, but were omitted. This was done using a query that pulled data from the PERS system. We looked for accounts where the CSD was on or after 1/1/2004 where the first pay date (per employer) on or after their CSD had no contributions reported. The PERS system tracks non-members and non-qualifying employees whose accounts have not been corrected for recent functionality changes, so these results might have included accounts where contributions were not actually due. To correct this, we used query parameters to filter these PERS accounts out of our population. What is left is our best estimate of accounts where contributions should have been reported on or after the CSD, but were omitted.

The data below is at an aggregate level, filtered by employer groups. Current data reflects reported salary and earnings information thorough the year 2014.

Employer Group	State Agencies	Local Government	OUS	OHSU	Community Colleges	Schools
Impacted/Total Employers	86/106	254/488	8/8	1/1	17/17	238/295
Impacted/Total Employees	16,301/46,954	14,804/69,518	317/23,562	249/6,382	2,491/27,424	4,103/145,477
Member Contributions	2,925,525.78	1,365,097.40	23,263.88	21,971.71	197,803.11	267,821.33
Prior Year Earnings	1,898,781.64	686,910.99	17,581.67	15,998.69	148,600.64	216,991.06
Employer Contributions	4,238,095.81	2,208,678.65	25,465.76	16,898.37	111,692.81	390,011.44
Total	\$9,062,403.23	\$4,260,687.05	\$66,311.31	\$54,868.77	\$458,096.56	\$874,823.84

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The table below provides projected data showing how individual employers in this group may be financially impacted. PERS has not conducted a thorough review on each employee account for qualification and membership eligibility.

Employer Specific Fiscal Impact for Years 2004-2014:

Org Code	Organization Name	Impacted Employees	Member Contributions	Employer Contributions	Prior Year Earnings	Total Impact
1252	OSU	39	\$2,121.20	\$2,390.71	\$2,283.88	\$6,795.79
1253	PSU	62	\$5,179.59	\$6,263.81	\$4,979.78	\$16,423.18
1255	WOU	22	\$1,652.56	\$1,614.15	\$1,204.39	\$4,471.10
2009	Marion County	848	\$62,371.52	\$78,680.78	\$37,358.53	\$178,410.83
2014	Linn County	334	\$47,166.90	\$99,877.79	\$23,568.72	\$170,613.41
2101	City of Salem	550	\$43,948.48	\$65,524.36	\$29,838.96	\$139,311.80
2102	City of Medford	268	\$21,907.88	\$28,366.02	\$10,014.94	\$60,288.84
2114	City of Gresham	6	\$562.40	\$440.05	\$292.57	\$1,295.03
2121	City of Portland	897	\$76,382.53	\$89,149.22	\$37,645.10	\$203,176.85
2155	City of Corvallis	33	\$1,552.78	\$1,996.55	\$1,645.82	\$5,195.16
2298	City of Lincoln City	89	\$7,780.19	\$8,520.45	\$4,155.45	\$20,456.09
2660	TV Fire & Rescue	52	\$7,359.29	\$11,608.86	\$1,543.19	\$20,511.34
2910	Linn-Benton CC	56	\$3,062.67	\$3,651.56	\$3,019.75	\$9,733.98
2918	Portland CC	946	\$97,316.01	\$40,939.12	\$65,499.37	\$203,754.50
2919	Chemeketa CC	38	\$1,746.45	\$1,768.83	\$1,720.76	\$5,236.04
3494	Fern Ridge Sch. Dist.	2	\$60.00	\$80.40	\$74.79	\$215.19
3818	Portland Public Schools	244	\$17,712.71	\$3,659.99	\$13,660.10	\$35,032.80
4334	Cascade School Dist.	28	\$2,110.09	\$1,199.76	\$2,262.49	\$5,572.35
MULT.	State Agencies	16,301	\$2,925,525.78	\$4,238,095.81	\$1,898,781.64	\$9,062,403.23

Enrolled
House Bill 3495

Sponsored by Representative GOMBERG (at the request of Association of Oregon Counties)

CHAPTER

AN ACT

Relating to contributions to the Oregon Public Service Retirement Plan; creating new provisions;
and amending ORS 238A.100 and 238A.330.

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

SECTION 1. ORS 238A.100 is amended to read:

238A.100. (1)(a) Except as provided by subsection (2) of this section, an eligible employee who is employed in a qualifying position on or after August 29, 2003, by a public employer that is participating in the pension program and who will not receive benefits under ORS chapter 238 for service with the participating public employer pursuant to the provisions of ORS 238A.025 becomes a member of the pension program on the first day of the month after the employee completes six full calendar months of employment. The six-month requirement may not be interrupted by more than 30 consecutive working days.

(b) Employer contributions for new members of the pension program shall first be made under ORS 238A.220 for those wages that are attributable to services performed by the employee during the first full pay period following the six-month period, without regard to when those wages are considered earned for other purposes under this chapter.

(2) A person who is elected or appointed to an office with a fixed term other than as a member of the Legislative Assembly, or who is appointed by the Governor to an office as head of a department, may elect not to become a member of the pension program by giving the Public Employees Retirement Board written notice not later than 30 days after taking office. An election under this subsection also operates as an election not to become a member of the individual account program. An election under this subsection is irrevocable during the term of office for which the election is made.

SECTION 2. ORS 238A.330 is amended to read:

238A.330. (1) A member of the individual account program must make employee contributions to the individual account program of six percent of the member's salary.

(2) Employee contributions made by a member of the individual account program under this section shall be credited by the board to the employee account established for the member under ORS 238A.350 (2).

(3) A new member of the individual account program shall first make contributions under this section for those wages that are attributable to services performed by the employee during the first full pay period following the six-month probationary period required under ORS 238A.300, without regard to when those wages are considered earned for other purposes under this chapter.

SECTION 3. The amendments to ORS 238A.100 and 238A.330 by sections 1 and 2 of this 2015 Act apply only to contributions made by or for employees who become members of the pension program or individual account program of the Oregon Public Service Retirement Plan on or after the effective date of this 2015 Act.

Passed by House April 17, 2015

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate May 28, 2015

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Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2015

Approved:

.....M.,....., 2015

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2015

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Jeanne P. Atkins, Secretary of State