

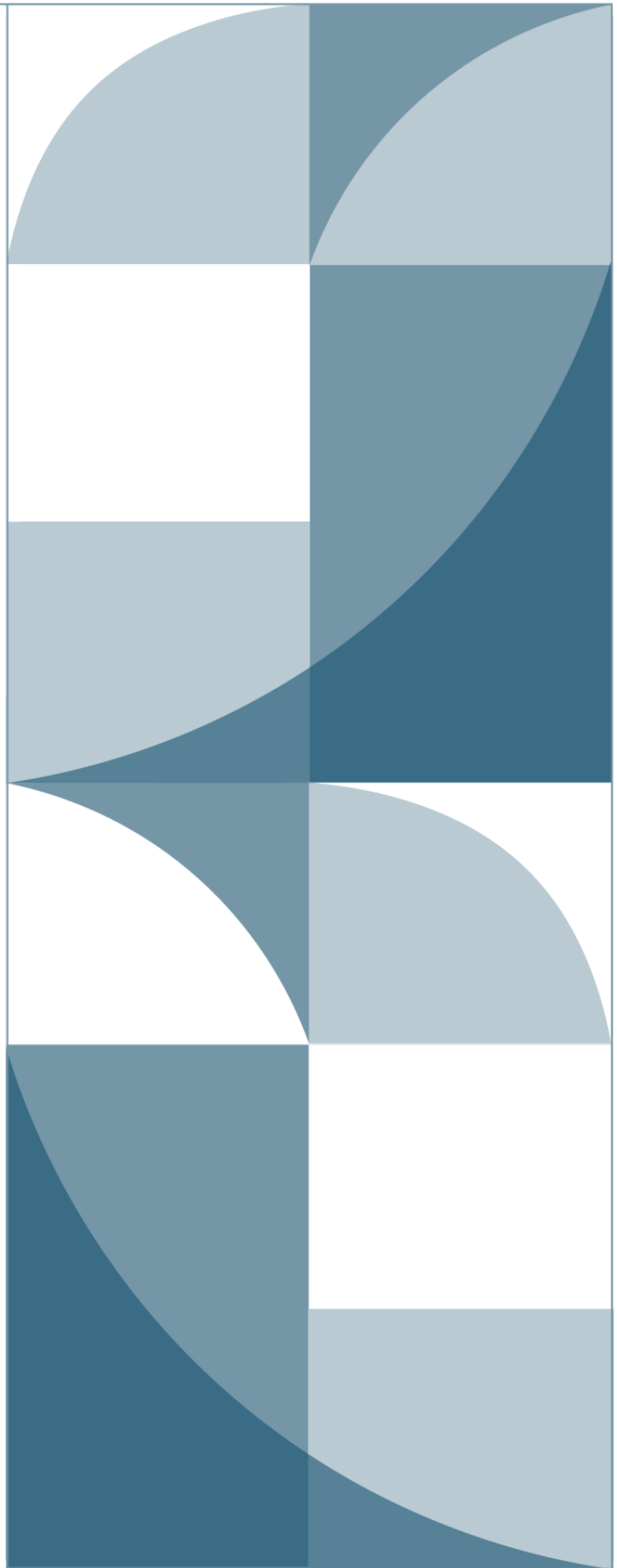


Reporting or Changing **Average Overtime Hours**

Employer Reporting Guide

This guide explains the purpose of the average overtime hours value on a new-hire record, how to determine the value, and when and how to change it.

**Employer
Service
Center**



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Overview

Definition of average overtime hours

Setting an Oregon Public Service Retirement Plan (OPSRP) employee's "average overtime hours" is required when you first report them as a new employee to PERS.

The number is a reasonable estimate of the number of overtime hours that an employee class or position type (not an individual) typically works in a calendar year. The employer may determine the number for each employee class based on a reasonable expectation of average overtime hours that is based on one of the following (or a combination of both):

- The average of overtime hours that were *actually worked* by the employee class or position type in the past.
- The average of overtime hours that are *expected to be required* by the employee class in the upcoming year (i.e., if hours are anticipated to increase).

Purpose of average overtime hours

Reporting the average overtime hours to PERS establishes the maximum number, or cap, of overtime hours per year that PERS can include in an Oregon Public Service Retirement Plan (OPSRP) member's final average salary.

The purpose of the overtime hour cap is to help control employer rates by protecting employers from the practice of *pension spiking* (aka *salary spiking*); that is, when a public employee works inordinate amounts of overtime in their final three years to artificially boost their final average salary and, consequently, their pension payments. This leads to inflated retirement benefits that do not reflect the pension benefits of a typical employee working in that particular position.

Paying retirement benefits on extraordinarily high overtime hours causes an unexpected rise in payroll costs for the employer, which raises the possibility of a rate increase.

Determining the number

Employers determine the number at the "employee class" or position level, not on an individual employee level.

The recommended way for an employer reporter to calculate the average overtime number for an employee class is to base it on the average of actual past overtime hours or anticipated future overtime hours.

Past average — add up all of the overtime hours worked by each employee class member over a calendar year, then divide that total by the number of members in the employee class. This is the average overtime you will report on all new hires in that employee class.

Future requirements — Estimate the amount of overtime that will be required per employee to cover the increased need, such as extra work, reduced staffing, or a new project. Determine how long that extra overtime will be needed. This is the average overtime you will need to ask PERS to change for every employee in that employee class for the next year (or however long).

Definition of employee class

An employee class is different from a PERS job classification such as Police Officer and Firefighter or General Service. “Employee class” is defined by Oregon Administrative Rule (OAR) 459-070-0001(6) as (paraphrased):

A group of similarly situated employees whose positions have been designated by their employer in a policy or collective bargaining agreement as having common characteristics.

Because employee class is used to determine the overtime cap, it may be useful to group together employees who do the same or similar work. Some examples are teacher, firefighter, receptionist, police sergeant, or payroll specialist.

Understanding the legal requirement

The law that established the average overtime* cap requires PERS to (paraphrased):

Exclude from the employee’s final average salary calculation any salary earned from overtime hours that exceed the employer’s average overtime limit for the employee’s class.

When the law was passed, PERS clarified by OAR that employers — not PERS staff — should determine the average overtime hours for an employee class. According to the OAR, the number should be based upon “a reasonable expectation of the average number of hours of overtime that employees in that class would perform over the course of a calendar year.”

You, the employer, understand the work your employees do. You are best able to set an accurate average overtime hour expectation that reflects your employees’ work requirements without being extreme, excessive, or too restrictive.

This rule** also states that employers should **maintain records** of average overtime hours for each employee class every calendar year and provide the records to PERS on request.

*[Oregon Revised Statute 238A.130\(4\)](#).

**[Oregon Administrative Rule 459-075-0030\(2\)](#).

Only OPSRP is affected by the average overtime limit

The average overtime cap only applies to members of PERS Oregon Public Service Retirement Plan (OPSRP). Limiting the average overtime hours that are included in final average salary was built into OPSRP as a cost-saving measure for employers.

However, based on system programming, the **Average Overtime Hours field on a Detail 1 new-hire record in EDX is required** for all employees. You must enter a value even when you hire a Tier One or Tier Two member or PERS retiree. For those employees, you can enter any number; the Employer Service Center recommends using zero for simplicity.

Effect on OPSRP members	Effect on Tier One/ Tier Two members
<p>Limits the amount of overtime hours and pay that can be applied toward their final average salary (FAS), for PERS purposes.*</p> <p>When an OPSRP member works less overtime in a calendar year than the average overtime cap reported by their employer, there is no impact to their FAS. All their overtime salary earned is included in their FAS calculation.</p> <p>However, when an OPSRP member works more overtime in a calendar year than the average overtime cap reported by their employer, then the salary earned for the hours in excess of the average overtime cap will be excluded from their FAS calculation.</p>	<p>No effect. The amount of overtime pay that a Tier One/Tier Two member earns is not capped; however, you have to enter an average overtime value in the Detail 1 new-hire record to get the record to post.</p> <p>You can choose any number, but zero is often used by default.</p>

*It does not affect how much overtime an OPSRP member can work or how much they are paid for overtime. It also does not affect/limit the Individual Account Program (IAP) contributions they receive on overtime salary.

Informing employees of their limit

It is good practice to inform OPSRP employees who work overtime and are paid for overtime that they have an average overtime limit. This avoids a situation in which an employee nearing retirement signs up for extra overtime shifts in the hope of increasing their pension only to find out at retirement that not all their overtime pay was included.

Also, if the overtime work requirement for an employee class increases, informed class members can remind their employer to increase their average overtime hour limit, which can help ensure that the average overtime hour limits reported to PERS are up to date.

However, OPSRP employees should understand that the average overtime limitation cannot be influenced by the collective bargaining process if the collective bargaining agreement requests a reported average number that is inconsistent with the facts and law. As explained in “Understanding the Legal Requirement” on the previous page, PERS is legally obligated to limit the overtime pay included in an OPSRP employee’s pension calculation to the amount considered to be **normal or anticipated** for their employee class.

The difference between average overtime and salary limit

The salary limit and average overtime hours rules have the same purpose: to prevent overly generous pensions that financially strain employers and the system. However, they apply to different member groups and different aspects of salary.

Rule	Applies to	What it does	EDX notification
Average overtime For help reporting, contact ESC .	OPSRP members	Establishes the average amount of overtime required in a calendar year for an employee class. Protects employers, and the system, from funding overly generous pensions spiked by above-average amounts of overtime. Overtime hours that an employee works over their average overtime limit are not included in calculating the employee's final average salary at retirement.* Limit is set by employer. The average overtime limit can be changed if overtime requirements change.	When an employee hits or passes their limit, EDX does not notify you. Excluding overtime hours is done manually by PERS at retirement.
Salary limit For information and salary limits, go to Salary Limit webpage . For help reporting, contact ESC .	All members	Places a limit on the amount of subject salary** that PERS includes when calculating a retiring member's final average salary. Protects employers, and the system, from funding overly generous pensions for high earners. Limit is set by PERS every year in accordance with the West Region Consumer Price Index . It cannot be changed.	When you report salary that hits or surpasses the salary limit for the year, the wage record suspends with this message: <i>Salary has exceeded the \$XXX limit as established by the IRS. Excess salary must be placed in the non-subject salary field.</i>

*To calculate an OPSRP member's final average salary, PERS uses their average gross salary earned over the three consecutive years in which they earned the most total salary or the average gross salary earned in the last 36 months) before retirement — whichever is greater. Final average salary is used to develop their pension payment amount. To understand how a pension is calculated, refer to [employer guide 16, Reporting a Retirement](#), section "How PERS Calculates Pensions."

**Subject salary is income earned by PERS members that qualifies to earn benefits. Only PERS members who work 600 hours or more per year for a PERS-participating employer — and have completed their wait time (the first six months of employment working for one employer with no break) — qualify to earn benefits. Refer to the Payments Categories Chart, a table of payments and whether they qualify to earn benefits for each PERS program.

How to calculate average overtime

Employees who do work overtime

For each employee class, establish a reasonable number of average overtime hours per calendar year that an employee class member is expected to work. This expectation may be based on either of the following.

Past and actual experience

The average number of hours worked for prior year or years

Add up the actual hours of overtime worked by the employee class over a previous calendar year and divide it by the number of people in the employee class. This provides the average for the past and current years.

Example 1: Your organization employs 48 police officers who are part of the same employee class. To devise the average overtime hours for this class, add the overtime hours that all officers worked in the last calendar year. Then divide by 48.

Total hours: **25,477 hours**

$25,477 \div 48 = 531$

Average overtime hours are reported in increments of 100. A number in between hundreds is rounded up.

Average overtime hours/officer = **600**

Future expectations

Expectations of hours required for the year or years ahead

For this method of establishing average overtime hours, calculate the actual overtime hours of the past year or years as explained above. Then estimate how many additional hours may be needed for the extra work that is expected to occur.

- For your existing employees, update their average overtime number per the instructions in section “How and When to Change Average Overtime.”
- For your new employees, select the same, higher average overtime number on their Detail 1 new-hire records, even if they will not be working overtime.

Example 2: You employ 48 police officers who are all part of the same employee class. The number of overtime hours worked by this employee class ranges from 0 to 1,000 with a reported average of 600. In the next year, your officers will be down 18 positions (12 officers eligible to retire, 2 taking maternity or paternity leave, 2 going to a special training program, and 2 injured) — a reduction of 40% — for about one year. You need to increase the overtime for the 30 remaining police officers by 40% for the year. You can submit a DCR, or you can contact your ESC rep to request the change in average overtime number of the 10 OPSRP members from 600 to 900.

Remaining employees: **30**

Number who are OPSRP: **10**

Average OT Hours change needed: **600 to 900**

Change requested and completed through: **DCR or assistance from ESC rep**

When extra overtime is no longer needed: **DCR or assistance from ESC rep to change back to 600**

Employees who rarely work overtime or do not get paid for overtime

- If an employee class does not get paid for overtime (e.g., management service employees), enter 0 in the Average Overtime Hours field of a Detail 1 new-hire record.
- If an employee class only occasionally works overtime, choose the amount they are usually asked to work per year based on past years (if available) or work with them to estimate.

Tip: Remember that if an employee class's job requirements change, you can request to have the average overtime number changed. Refer to the section "How and When to Change Average Overtime."

Example of an employee class with a variety of overtime requirements

At Alphabet County (fictional), all OPSRP employees in an accounting role are assigned an average overtime of 100 hours. Some employees work little or no overtime hours and a few work 200 hours, so the average for the entire employee class is 100 hours.

At retirement, OPSRP member Joe Accountant has 148 overtime hours for one year, 102 for another, and 82 for the third. The overtime hours included in calculating his FAS are capped at 100 for each year. He was paid for all the hours he worked, but the amount included in his FAS calculation for each year is limited to 100 hours.

Year	OT worked	Subject OT salary reported to PERS*	OT hours included in FAS (up to capped amount)	OT salary included in FAS
2025	148	\$6,438.62	100	\$4,350.42
2024	102	\$4,319.84	100	\$3,857.00
2023	82	\$2,642.07	82	\$2,642.07
Totals	342	\$13,400.53	282	\$10,849.49

This produces overtime salary of \$10,849.49 to be added to Joe's FAS.

*Fictional salary amounts included to show the impact on Joe's final average salary.

Example of final three years that have different average overtime hours

Whatever overtime hour cap was in effect for the relevant time period of an employee's FAS calculation will be the cap that PERS uses. Meaning that if the cap were 100 for 2023, then changed to 200 for 2024, PERS would apply 100 to the hours for 2023 and 200 to the hours for 2024 and later, per the table below.

Year	OT worked	Average OT hours cap that year*	OT hours included for FAS that year
2025	148	200	148
2024	220	200	200
2023	82	100	82

How to report average overtime for a new hire

Follow these instructions to create the new-hire record.

The Average Overtime Hours field is required. If you are hiring a Tier One or Tier Two member, an employee who does not get paid for overtime, or a PERS retiree, you can skip step 1 and choose 0 in the Average Overtime Hours field to ensure the record will post. For all other employees, following these steps to report average overtime on their new-hire record.

- 1 Calculate or look up the average annual overtime hours for that employee's employee class.

How to look up an employee's currently assigned average overtime number: Go to the next section in this guide, ["How to Find an Employee's Current Average Overtime Number."](#)

How to calculate an average overtime number: See the previous section, ["How to Calculate Average Overtime."](#)

- 2 Create a new (or edit an existing) Demographics and Adjustment report.
- 3 Add a new Detail 1 record.

ADD/EDIT MEMBER RECORDS

Working With SSN 999999999

Choose the type of record to create from the list below, then click **Add New Record**.

ADD NEW RECORD

- ☒ Detail 1 - Member Demographics.
☐ Detail 2 - Wage and Service.

Add New Record

Click **OK** to return to the Edit Retirement Detail Reports page.

OK

REPORTING OR CHANGING AVERAGE OT

On the blank Detail 1 Member Demographics screen, fill in the following required fields:

SSN: Auto filled.

Status Code: 01 or 15 (depending on whether the position will qualify for benefits or not).

Status Date: Their first day on the job.

Name: Auto filled.

Address: In all caps.

Continued

DETAIL 1 - MEMBER DEMOGRAPHICS:	
SSN	*****
Status Code	01 - Qualifying New Hire ▼
Status Date	09/02/2025 (MM/DD/YYYY)
Last Day Service	 (MM/DD/YYYY)
Old SSN	
First Name	JOHNNA
Last Name	DOE
Middle Name	
Name Change Indicator	N
Address - 1	1234 N STREET
Address - 2	
Address - 3	
City	MEDFORD
State	OREGON ▼
Zip - 1	97501

Date of birth

Gender: Current legal gender.

(If employee does not identify as male or female, choose a gender on the record, and then send a DCR to PERS asking us to change the gender to Non-Binary/Other.)

Job Class Code:

Most commonly:

01 - General Service.

02 - Police and Fire.

09 - School employee.

Average Overtime Hours: The average calendar-year overtime hours expected for this position.

Contract No. of Months: For school employees only. How many months in a year a school employee (job class 09) is expected to work for their education employer. The options are 09, 10, 11, and 12. An employee whose job class is other than 09 should *always* have the 00 default.

Learn more

For DCR instructions, go to the “Submitting a DCR” section in this guide or read [employer reporting guide 20, Creating a DCR](#).

For more instruction on assigning a nonbinary gender, refer to the [Detail 1 Member Demographics Fields quick-reference guide](#), section “About the Detail 1 Member Demographics Record,” subsection “Changing Gender to Nonbinary/Other” or watch the video “[Reporting a New Employee](#).”

Zip - 2	<input type="text"/>
Province	<input type="text"/>
Country Code	USA ▼
Postal Code	<input type="text"/>
Date Of Birth	07/30/2000 (MM/DD/YYYY)
Gender	Female ▼
PERS Job Class Code	02 - Police and Fire ▼
Average Overtime Hours	200 ▼
Unused Sick Leave Hours	<input type="text"/>
Contract No. of Months	00 ▼
Employer Site Distribution Code	<input type="text"/>
Non PERS Data Memo	<input type="text"/>
<input type="button" value="Save"/> <input type="button" value="Cancel"/>	



How to find an employee's current average overtime number

You can find the average overtime number already assigned to an employee through the View Employee Info function in EDX or by asking your [ESC representative](#).

Option 1: View Employee Info

- 1 In the Site Navigation menu, select **View Employee Info**.
- 2 Enter the employee's last name, Social Security number, or PERS ID in the search field, and click the **Search** button.

SITE NAVIGATION

- Employer Home
- View Your Statement
- Work on Reports
- > View Employee Info**
- View Year-to-Date Wage and Contribution Summary
- Update My Profile
- Work with Contacts
- Admin Web Accounts
- Work List

BS BIG SCHOOL #1
Employer Number: 06000

VIEW EMPLOYEE INFORMATION

[Download CSV File of Employee Addresses](#)

Please enter a Last Name, SSN or PERS ID to access employee data.

Last Name

SSN or PERS ID

- 3 If you search by last name and get a long list of choices, scroll through the list to find the right person.
- 4 Click the employee's Social Security number (SSN). The Employment History screen opens.

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- 5 Employee information is listed horizontally. You may need to scroll to the right to view the Average OT Hours column.

AS

SSN

CONTRIBUTION START DATE

DATE OF BIRTH

IAP VOLUNTARY CONTRIBUTION EFFECTIVE DATE

IAP VOLUNTARY CONTRIBUTION STOP DATE

NONE

NONE

EMPLOYMENT HISTORY

ADDRESS DETAILS

SALARY DETAILS

DEMOGRAPHIC CORRECTION REQUEST (DCR)

SALARY BREAKDOWN REQUEST

EMPLOYMENT HISTORY

Hire Intent	Start Date	Last Day Service	Term/End Date	Gross Unused Sick Leave	Transferred Unused Sick Leave	Job Class	Position Type	Plan	Average OT Hours
NQ	06/06/2016	06/08/2016	07/30/2016	0.000					
	06/06/2016		07/30/2016			School Employee	Non-Qualifying Service	OPSRP	2000

Verify All

Save

Cancel

Note: The verification of an employment also includes the net Unused Sick Leave. If this information is incorrect, please submit a DCR.

Option 2: Contact the Employer Service Center (ESC)

You can request the average overtime for all your active employees from the ESC Call Center or your [ESC representative](#).

ESC Call Center

Hours

8:30 a.m. – 12 p.m., Monday to Friday (excluding holidays)

Phone

888-320-7377 (toll free): select option 4 to reach ESC.

Email

PERS.EDX.Support@pers.oregon.gov

How and when to change average overtime

There are three situations that might necessitate changing an individual employee's or class of employees' average overtime number. In each situation, you need to submit a Demographic Correction Request (DCR) to PERS to request the change.

For the first two situations listed below, the change is effective going forward. For the third situation, the change might affect past records.

When an employee's position changes

When an employee begins a new position with your organization, submit a Demographic Correction Request (DCR) asking ESC to change the employee's average overtime number to that of their new employee class, if necessary. Be sure to provide an effective date for the change in the Comments section of the DCR.

When the average overtime associated with an employee class changes

To make a change for a large employee class, [contact your ESC representative](#) by phone or email. They can work with you to upload a list or spreadsheet of affected employees. If it is a small class, you can submit a DCR for each person in the class, if you choose.

When an error is identified

If you find that the average overtime reported for an employee is incorrect, you need to submit a DCR to ask PERS to change it.

In the DCR Comments box, explain the error and the correction. Make sure to specify the effective date of the change. For example, Jane Reporter hires someone on March 15, 2025, and discovers an error on November 1, 2025. The effective date of the change that ESC needs to make is March 15, 2025.

Closed year: If Jane discovers the error two years later, that means she is requesting a change to information in a closed year. In this case, she needs to email supporting documentation with her request. This requirement is explained in [employer announcement #106, Requesting Retroactive Changes to Employment Data](#).

For instructions on submitting a DCR, see "Submitting a DCR" on the next page.

Submitting a DCR

Submitting a DCR is covered in detail in [employer reporting guide 20, *Creating a Demographic Correction Request*](#). For convenience, a brief overview is provided below.

- 1 Select **Work List** from the main Site Navigation menu.
- 2 Click the **Create Demographic Correction Request (DCR)** button.

SITE NAVIGATION

- Employer Home
- View Your Statement
- Work on Reports
- View Employee Info
- View Year-to-Date Wage and Contribution Summary
- Update My Profile
- Work with Contacts
- Admin Web Accounts
- Work List**
- Request Information
- Eligibility Reports

BS BIG SCHOOL #1
Employer Number: 06000

WORK LIST

Below is a list of employees for which PERS is requesting information. The Work Item Type indicates the type of information that is required. Please complete and return each Work Item. Click on the SSN to enter salary information.

Create Demographic Correction Request (DCR).

Click on the leftmost column to get the detail of the clicked record.

Prev 1 2 3 4 5 Next

SSN	PERS ID	Last Name	First Name	Plan	Year	Request Date	Work Item Type	Status
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	PERS-Tier 2	2003	10/26/2022	Salary Cert - Disability	New
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	PERS-Tier 2	2003	10/26/2022	Salary Cert - Service	New

Continued

REPORTING OR CHANGING AVERAGE OT

- 3 On the DCR screen, click the employee's current job segment. The screen expands.
- 4 Use the drop-down menu next to the Average OT Hours field to choose the new average overtime limit.
- 5 Explain the reason for the change and the effective date in the Comments box. Click **Save**.

The screenshot displays a web form for reporting or changing average overtime (OT) hours. The form includes several sections with input fields and dropdown menus:

- Start Date:** From 05/01/2012 To []
- Term/End Date:** From [] To [] ☐ Remove Term/End Date
- Last Day Service:** From [] To []
- Job Class:** From School Employee To [] Start Date [] End Date []
- New Position Type:** [] Start Date [] End Date []
- Average OT Hours:** A dropdown menu is open, showing a list of values from 0 to 1800 in increments of 100. The current selection is 0.
- Contract No. of Months:** []
- Hire Intent:** []
- Unused Sick Leave:** []
- Review Contribution Start Date:** []
- Delete Position:** []
- Comments:** A text area for providing details about the change.
- Buttons:** Save and Cancel buttons at the bottom left.

- 6 Your ESC representative will make the change. If they have any questions, they will send the DCR back to you with their question. It will appear in your Work List.