

OREGON PUBLIC EMPLOYEES RETIREMENT BOARD

**Thursday
March 5, 2009
4:00 PM**

**PERS Boardroom
11410 SW 68th Parkway
Tigard, OR**

PERS BOARD SPECIAL CONFERENCE CALL MEETING

Notice of this special meeting is being provided in accordance with ORS 192.640.

The Public Employees Retirement Board will meet at 4:00 P.M. on Thursday, March 5, 2009 to discuss pending legislation.

Interested parties may listen to this call in the Boardroom at PERS Headquarters in Tigard.

Note: If you have a disability that requires any special materials, services or assistance, call (503) 603-7575 at least 48 hours before the meeting.

James Dalton, Chair * Thomas Grimsley, Vice-Chair * Eva Kripalani * Michael Pittman * Brenda Rocklin * Paul R. Cleary, Executive Director

**PERS BOARD
4:00 P.M.
March 5, 2009
CONFERENCE CALL MEETING**

1. Agenda Item: SB 399 OSGP Funds

Item 1.a. Bill Brief for SB 399

Brief Overview and Analysis

Item 1.b. Position Paper for SB 399

March 9, 2009 Memo to members of the Senate Commerce & Workforce Development Committee

Item 1.c. Fiscal Impact Statement for SB 399

2. Agenda Item: Policy Issue - Police & Fire Status

March 5, 2009 Policy Memo on P & F Status

3. Agenda Item: Informational Item: Bill Brief for SB 112

4. Agenda Item: Policy Issue - Retiree Return to Work Exceptions

March 5, 2009 Policy Memo on Return to Work

5. Agenda Item: General Policy Discussion: PERS Board Composition



Oregon

Theodore R. Kulongoski, Governor

Public Employees Retirement System

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SB 399

Brief Overview and Analysis

Bill Summary: Allows certain members of Public Employees Retirement System who participate in deferred compensation plan to request, within 60 days of effective date of Act, that payment of all or part of deferred amount be paid to the Public Employees Retirement Board for purpose of restoring forfeited creditable service, or acquiring retirement credit for probationary period of employment, or both.

Background (what is happening now): A PERS Tier One or Tier Two member with more than ten years of service has the option to purchase credit for a probationary period of employment (i.e. waiting time) under ORS 238.125 and forfeited creditable service under ORS 238.115. Statute requires these purchases be made within the 90 days prior to the member's effective retirement date. When a member makes a purchase under ORS 238.115 or 238.125, the funds are received as after-tax dollars and are accounted for accordingly.

Result of new legislation (what this bill changes): The bill will not affect most PERS members. It will allow certain members to make purchases under ORS 238.115 and 238.125 within a very narrow window of time (60 days). These certain members are those who participate in the state deferred compensation plan, are at least normal retirement age, and will have 30 years or more of creditable service after the purchase. It allows these purchases to be made immediately, as opposed to within 90 days of the member's effective retirement date. Finally, it allows these certain members to make these purchases with pre-tax dollars via a trustee-to-trustee transfer of funds from the state deferred compensation plan to PERS.

Contact:

- Susan Riswick, PERS Legislative Coordinator (503) 431-8902, cell (503) 784-1544
- Steve Rodeman, PERS Deputy Director (503) 603-7695
- Paul Cleary, PERS Director (503) 603-7701

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DATE: March 9, 2009

TO: Members of the Senate Commerce & Workforce Development Committee

FROM: Susan Riswick, Administrator/Legislative Liaison
Stephanie Vaughn, Manager/Tax Policy Coordinator
Policy, Planning, and Legislative Analysis Division

RE: PERS' Concerns and Recommendations Regarding SB 399

Currently, Senate Bill 399 allows PERS members who meet specific criteria to transfer funds from their account in the state deferred compensation plan to make a purchase of waiting or refunded time. The bill allows these PERS members to make the request only in the 60 day period following the effective date of the bill.

PERS Concerns

PERS statutes currently allow members to make a number of purchases within 90 days of retirement. This bill establishes special exceptions to that general structure:

1. Only two of those purchases are affected: waiting time under ORS 238.125 and refunded time under ORS 238.115.
2. The bill would allow eligible members to make the purchase(s) immediately, outside of the otherwise prescribed 90 day window.
3. This advance purchase opportunity is further limited only to those members who have an account with the state deferred compensation plan.
4. Lastly, the opportunity is specific to those members having 30 years of creditable service after the purchase is made.

The first concern, therefore, is that such a narrowly constrained proposal does not support sound retirement policy. Instead, this bill creates a special advantage from the general scheme for a select group of individuals. Such a policy decision has, in this and other contexts, set up a situation in which the same bill, or very similar, will be introduced each session to allow those who either didn't know about the opportunity, or were not eligible under the previous bill's criteria, to enjoy the same or similar advantages. If purchases should be allowed outside of the 90 day window or with a special source of funds, those policy decisions should be made broadly to affect the general structure, not narrowly to advantage a select individual or group.

Our second concern is that this bill cannot be administered with our current computer system. If this bill was adopted, the nature of the funds used to make the purchase changes, because they would be “pre-tax” dollars instead of “after-tax.” Consequently, the processes for entering that purchase in our system, adding it to the member’s account, including it in the retirement calculation, charging the appropriate employers for the additional benefits derived, and correctly reporting the tax breakdown of the subsequent benefit payments are all problematic as our system is not designed to facilitate purchases made with these “pre-tax” dollars. As we are in the midst of a \$30 million computer conversion project, this bill would disrupt the scope, schedule, and budget of that project by injecting a new requirement that is not currently within the project’s parameters.

A Better Policy Decision

The Internal Revenue Code (IRC) specifically allows for trustee-to-trustee transfers from certain retirement plans (deferred compensation under IRC 457 and tax sheltered annuities under IRC 403(b)) for the purpose of purchasing permissive service credit. All of the purchases available to PERS members fall within the IRC definition of “permissive service credit,” including waiting and refunded time.

Rather than adopt a constrained policy in this bill that only begets further efforts to chip away at the current structure and adds all the complications that raised the concerns explained above, a better retirement policy choice would be to make the “pre-tax” method of payment available to all members at retirement. SB 399’s constrained eligibility requirements, application to limited purchases, interfering with the current 90 day purchase structure, and forcing PERS to accept trustee-to-trustee transfers from one specific plan instead of any appropriate plan focus the policy discussions on ancillary, narrow issues. Of course, even the broader discussion raises other policy considerations because expanding the affordability of purchases by allowing them to be made with pre-tax dollars would result in cost increases to employers to fund the enhanced benefits.

Lastly, as to timing, the extensive and costly programming changes that SB 399 would require could be designed and implemented in a more appropriate and efficient manner, rather than in the rush to a January 1, 2010 effective date. Since PERS would not be able to address the necessary system changes in its normal course until after the current computer conversion project closes in Summer 2010, a better course of action would be to postpone consideration of this issue until the legislature’s 2011-13 session to allow these issues to be fully vetted and the fiscal consequences better refined.

Contact:

- Susan Riswick, PERS Legislative Coordinator (503) 431-8902, cell (503) 784-1544
- Steve Rodeman, PERS Deputy Director (503) 603-7695
- Paul Cleary, PERS Director (503) 603-7701

**2009 Legislative Session
PERS (Agency 45900) FISCAL IMPACT STATEMENT FORM**

Measure #	SB 399	Amendment (e.g. original, -1, -2, A, B, etc.).	
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Please indicate the fiscal status of the measure, complete the below form, and return one copy each to the Legislative Fiscal Office (LFO) and the Budget and Management Division (BAM).

<input checked="" type="checkbox"/>	Fiscal Impact	A fiscal impact determined to be greater than a minimal fiscal impact.
<input type="checkbox"/>	Minimal Impact	A fiscal impact that can be absorbed by an agency with existing agency resources.
<input type="checkbox"/>	No fiscal impact	The absence of an expenditure or revenue (non-tax) impact.

Effect on Expenditures (By Budget Category and Fund-type):	2009 – 2011	2011 – 2013
Personal Services (Limited Other Funds) Overtime	\$ 10,483	\$
Services & Supplies (Limited Other Funds) IT Professional Services - Contractors	156,250	
Total	\$ 166,733	

Effect on Revenues (By Budget Category and Fund-type):	2009 – 2011	2011 – 2013
	\$	\$

Positions/FTE (classification, step 2):		
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Governor’s Budget: Is the bill anticipated by the Governor’s recommended budget?
 Yes _____ No X _____

Local Mandates: Does the proposal have a fiscal or revenue mandate effect on cities, counties, or special districts that triggers evaluation under section 15, Article XI of the Oregon Constitution?
 Yes _____ No X _____

Agency Fiscal Analysis (see instructions below):

This bill allows certain members of Public Employees Retirement System who participate in state deferred compensation plan to request, within 60 days of effective date of Act, that payment of all or part of deferred amount be paid to the Public Employees Retirement Board for purpose of restoring forfeited creditable service or acquiring retirement credit for probationary period of employment, or both.

The bill will allow only certain members to make purchases under ORS 238.115 and 238.125 within a very narrow window of time (60 days). These certain members are those who participate in the state deferred compensation plan, are at least normal retirement age, and will have 30 years or more of creditable service after the purchase. It allows these purchases to be made

immediately, as opposed to within 90 days of the member's effective retirement date. Finally, it allows these certain members to make these purchases with pre-tax dollars via a trustee-to-trustee transfer of funds from the state deferred compensation plan to PERS.

The bill does not require PERS to notify potential members; the maximum number of potentially eligible members is approximately 1,880 or less. PERS assumes just a few members who know about the bill will take advantage of the 60 day window. Therefore, the potential of increased member account balances in Tier 1 affecting the unfunded actuarial liability or increase in employer rates is assumed to be de minimus.

The bill only requires written notice; a letter from the member will suffice, thereby eliminating the need to create a new form.

Customer Services Division estimates a one time cost of \$1,398 of Personal Services – Overtime to develop a new procedure that addresses how to develop a way around the system programming to accept a purchase not related to a specific retirement date and to adjust what is normally a post-tax purchase to a pre-tax account addition.

The current Retirement Information Management System (RIMS) is being converted to a new system, jClarety. The member and retirement conversion will occur in Stage 2b of the RIMS Conversion Project (RCP). The implementation date for this conversion is estimated to occur by the end of June 2010.

There is no provision to accept pre-tax additions in jClarety. Retirement benefits with this type of purchase will be calculated manually until jClarety can be programmed to do so (ref. final paragraph below). Retirement Service Section in the Benefit Payments Division estimates a one time cost of \$9,085 in Personal Services – Overtime to develop the manual tools to handle the pre-tax contribution, to credit annual or at retirement associated earnings , and to adjust service credit and/or prorated service credit.

The largest expense is the one time programming costs to automate the calculation in jClarety. All members of the system will be in jClarety and in order to implement the bill there will be a one time estimated cost of \$156,250 (1,250 hrs. x \$125/hr) in Services & Supplies – IT Professional Services. This is PERS' best estimate at this time and is subject to change. PERS's new retirement system, jClarety, is still in development. Another cost associated with these programming changes is the disruption to the scope, schedule, and total budget of our current computer conversion project. These programming costs will update the calculation engine's calculation of forfeited and waiting time purchases in addition to the member cost. jClarety would have to be programmed to accept pre-tax rollover dollars and a special code created to properly adjust the account for earnings up to time of retirement and at retirement. The purchase program would have to be able to accept updates to the allocation and cancelation and refunding of purchases. The system would have to correctly code these as pre-tax rather than after-tax member purchases when calculating the member cost associated with the retirement benefits paid out for proper tax information coding when issuing 1099-R's.

Agency Name	Public Employees Retirement System (PERS)
Preparer Name/Title	Linda M. Barnett, Budget Program Analyst/Lead
Preparer Phone #	(503) 603 – 7570
E-mail	linda.m.barnett@state.or.us
Date	March 2, 2009



Oregon

Theodore R. Kulongoski, Governor

Item 2. P&F Status

Public Employees Retirement System

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March 5, 2009

TO: Members of the PERS Board

FROM: Steven Patrick Rodeman, Deputy Director
Susan Riswick, Legislative Coordinator and
Interim Administrator, PPLAD

SUBJECT: Policy Issue – Police & Fire Status

Staff is seeking direction from the PERS Board on a policy position for the 2009 legislature on proposals to expand the definition of "Police" and "Firefighter." These definitions establish positions which are eligible for a separate class of benefits under the PERS Plan.

LEGISLATIVE BACKGROUND

"Police officer" and "Firefighter" (P&F) are defined terms in ORS 238.005 and 238A.005. Going back to the 1997 session, there have been very few changes to those definitions, other than updating references to departments and institutions. No changes have been made since 2003. The most recent substantive addition to the list of P&F positions was in 2001, when "adult parole and probation officers, as defined in ORS 181.610, who are classified as police officers for the purposes of this chapter by the county governing body" were added to the other parole and probation officers already within the definition at ORS 238.005(16)(f).

ISSUES OF P&F STATUS

Contested cases and appeals have arisen over the question of whether a position qualifies for P&F status. These disputes have been whether a position fell within the referenced definition, since the statute generally cross-references other definitions or classifications. One Oregon Court of Appeals case did construe whether mental health therapists for the Oregon State Hospital fit within the P&F definition (Adams/Reichman v. PERB, 99-0389, A111942, decided March 13, 2002). That case dealt with construction of terms within the statutes, but did articulate something of a general principal that these therapists did not qualify as P&F because their primary duty did not involve law enforcement tasks (investigating crimes, enforcing criminal laws, detaining arrestees and persons convicted of a crime, etc.). The court repeatedly referenced ORS 181.610 that defines "law enforcement unit" as involving the custody, control, or supervision of individuals convicted of or arrested for a criminal offense and confined to a place of incarceration or detention.

FEDERAL LAW OVERLAY

P&F status also has implications for federal tax law, which contains a separate definition. One implication, for example, is that non-P&F members pay a 10% penalty on early plan distributions if they separate from employment before age 55, but that age drops to 50 for P&F members who separate from a P&F position. In that context, the IRS Code defines "Qualified Public Safety Employee" (i.e., P&F) as any employee of a State or political subdivision who provides police protection, firefighting services, or emergency medical services for any area within the jurisdiction of such State or political subdivision. From a policy standpoint, keeping our state P&F classification consistent with these federal standards would avoid confusion and complications for individuals who think the federal tax treatment of their benefit would be one way but could in fact be another.

STAFF RECOMMENDATION

The "Firefighter" definition has not resulted in many questions or concerns. "Police officer," however, has been the area where PERS staff have seen legislative proposals. In evaluating concepts to expand that definition, staff would recommend applying the policy principles articulated by the Oregon Court of Appeals: "Police officer" status should apply only to positions that principally engage in the custody, control, or supervision of individuals convicted of or arrested for a criminal offense and confined to a place of incarceration or detention. This status for "police officers" seems consistent with the federal law definition for providing "police protection." If the PERS Board supports this position, this is the standard PERS staff would communicate to stakeholders seeking our position on legislation that would expand the "police officer" definition.

BOARD OPTIONS

1. Direct PERS staff to use the above standard in deciding whether to support or oppose legislation that would extend P&F status to additional positions.
2. Direct PERS staff to apply a different standard in deciding whether to support or oppose legislation to extend P&F status to additional positions.
3. Direct PERS staff to take no position on legislation that would extend P&F status to additional positions, but limit the agency's comments to evaluating the fiscal impact of any such proposals.

Staff recommends the PERS Board choose Option #1.



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SB 112 – Return to Work

What the measure does: Allows a retired member in the PERS Chapter 238 (Tier One and Tier Two) Program who elected to receive a total lump sum payment to be reemployed by a public employer under the same provisions as retired members receiving a monthly benefit, providing a more consistent application of the return-to-work standard regardless of the benefit option chosen.

Background: The PERS Chapter 238 Program (Tier One and Tier Two) contains varying restrictions and consequences for a retired member who returns to work with a public employer. Currently, ORS 238.078 explains the consequences to a retired member if they return to PERS-covered employment. Those consequences depend on whether the member was retired for more or less than six months before returning to employment. Retirement benefits cease and those received before re-employment may need to be repaid to PERS depending on the circumstances.

ORS 238.082 provides an exception to ORS 238.078 in several respects, the most common of which is to allow a retired member to work less than 1040 hours in a calendar year without being subject to any of the consequences under ORS 238.078. This exception only applies to retired members who are receiving a monthly benefit. Members who elect a total lump sum option or are forced to receive a lump sum payment in lieu of a small allowance under ORS 238.315 do not fall under this exception. This “exception to the exception” is not widely understood. That confusion has resulted in numerous members incurring unexpected repayment obligations and other complications, such as tax problems for payments rolled to qualified plans. Administration has been disproportionately burdensome for stakeholders and staff. To put some numbers to the issue:

Number of members retired under the total lump sum option:	4438
Number of those retired members who returned to PERS employment:	1133
Number of those re-employed retired members who exceeded the current limit:	353
Number of those who exceeded the limit within six months (triggering repayment):	56

This concept was developed through the PERS Legislative Advisory Committee and approved by the PERS Board for submission to the Governor for introduction. There is no known opposition.

Solution: Extend the provisions of ORS 238.082 to retired members who elect the total lump sum option. By applying the more commonly understood 1,040-hour limitation, this measure would provide a uniform standard that avoids the disparate treatment of retired members. The bill will not affect the limitations of a retired member receiving a monthly benefit nor will it affect the ability of a retired member who elects the total lump sum option to work unlimited hours after the first six months after retirement. Even if the 1,040-hour limitation is exceeded after the first six months, the member would return to active membership and lump-sum installment payments, if any, would cease, but the member would not have to repay any benefits already received.

Contact:

- Susan Riswick, PERS Legislative Coordinator (503) 431-8902 or (503) 784-1544 (cell)
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March 5, 2009

TO: Members of the PERS Board

FROM: Steven Patrick Rodeman, Deputy Director
Susan Riswick, Legislative Coordinator and
Interim Administrator, PPLAD

SUBJECT: Policy Issue – Retiree Return to Work Exceptions

Staff is seeking direction from the PERS Board on a policy position for the 2009 legislature on proposals to add exceptions to the 1039-hours standard for retired PERS members returning to public employment. Current law generally allows retired PERS members to work up to 1039 hours for a public employer without affecting their monthly retirement benefit, but exceptions have been adopted that allow members to exceed this limit for certain types of employment.

LEGISLATIVE BACKGROUND

ORS 238.078 explains the consequences to a PERS retired member who returns to public employment. The member's retirement is cancelled and, depending on whether the member returned to employment more or less than six months after retiring, the member may have to return all benefit payments received. ORS 238.082 places conditions on an employer's ability to rehire a PERS retired member, and further provides that, so long as that employment meets certain conditions, the consequences of ORS 238.078 are not applied to that member. After satisfying the overall condition that the employment must be in the public interest, ORS 238.082 sets the standard of employment at less than 1040 hours in a calendar year (put another way, work up to 1039 hours, which is the usual terminology for this limit).

Since a return to work limit was adopted in 1987, the legislature has, in each succeeding session, chipped away at the standard by adopting exceptions for certain occupations or positions that allow the member to work an unlimited number of hours in that occupation or position without affecting their benefit payment. An overview of the history of these changes is attached. Generally, these exceptions have been for an occupation or geographic area where the work force has not been sufficient to meet employment demand. Some recent exceptions have been limited further by the need to declare a particular work force shortage or had a sunset clause attached.

ISSUES OF RETIRED MEMBERS RETURNING TO PUBLIC EMPLOYMENT

As stated above, ORS 238.082 imposes conditions on employers and retired members that must be met to avoid the consequences set forth in ORS 238.078. Unfortunately, the patchwork nature of the limitation and these exceptions has led to numerous situations where members

inadvertently exceeded the limitation and PERS has been forced to exact those consequences. From a plan administration viewpoint, the current laws result in frustrated expectations and unintended consequences far too often.

The statutory structure overlays a retirement benefit constraint on what is inherently an employer-employee decision of whether a retired member should continue in the public workforce. Consequently, that decision is affected by a dynamic that has resulted in a patchwork of exceptions that employers and retired members cannot apply consistently and predictably.

Lastly, there's the issue of applying this constriction only on public employment. A retired member can return to employment outside the public sector without affecting their retirement benefit in any way. Whatever policy consideration led to imposing the return-to-work restrictions has been eroded by the myriad of exceptions, leaving only a mine field that employers and members have not been able to successfully cross.

FEDERAL LAW OVERLAY

Federal tax law does require, generally, that a retirement plan not pay benefits unless the member has a "bona-fide" retirement. In other words, the payment of retirement benefits should only be triggered by a retirement. What constitutes a bona-fide retirement is not specified, but commencing benefits after the member has reached normal retirement age or been retired for a sufficient period like six months has been sufficient. These standards have been incorporated into ORS 238.082 so the only members who can return to public employment for unlimited hours are those that are of normal retirement age (by actual age or years of service) or have been retired at least six months.

STAFF RECOMMENDATION

At the very least, any additional exceptions need to be narrowly tailored and clearly defined so employers and employees can clearly establish their application. If the exception is needed to address a critical work force shortage, the elements of a declaration establishing that shortage and a sunset provision seem appropriate. In a longer term view, however, staff would advocate for a policy position that removes the retirement benefit component from the employment decision: if an employer and employee want to work together, a retirement plan should only intrude into that dynamic to the extent necessary to assure federal law restrictions are met. Admittedly, that broader policy decision would need its own concept and does not address the immediate question for proposals introduced during the 2009 session.

BOARD OPTIONS

1. Direct PERS staff to oppose legislation that would create an exception to the 1039-hour standard unless that exception is narrowly tailored and clearly defined, and includes a declaration establishing a work force shortage or other special situation and a sunset clause.
2. Direct PERS staff to apply a different standard in deciding whether to support or oppose legislation to create additional 1039-hour exceptions.

3. Direct PERS staff to oppose any legislative proposal on return to work unless that proposal would remove any restrictions on a retired member returning to public employment beyond those restrictions needed to comply with federal law.
4. Direct PERS staff to take no position on legislation that would create 1039-hour exceptions, but limit the agency's comments to evaluating the fiscal impact of any such proposals.

Staff recommends the PERS Board choose Option #1.

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History of Limits on Return to Work in ORS Ch. 238

1987 – Hire any person if “in the public interest” for less than **600** hours per calendar year, or maximum hours for unreduced Social Security benefits.

1989 – Expands allowable hours to less than **1040** per calendar year for state management position.

1991 – Expands allowable hours to less than **1040** per calendar year for school superintendents.

1993 – Expands definition of “School Superintendent” to include highest ranking “administrative officer” of a school district or Education Service District.

1995 – Expands allowable hours to less than **1040** per calendar year for teachers.

1997 – Expands allowable hours to less than **1040** per calendar year for “any person” reemployed.

1999 – Temporary provision allows **unlimited** hours to individuals working on Y2K projects.

2001 – Allows **unlimited** hours for teachers/administrators (who have reached normal retirement age) working in a district that has its administrative office in a county of 35,000 inhabitants or less.

2003 – **Established that exceptions were not available to members who took early retirement.** Allows **unlimited** hours for retired member employed:

- As a teacher/administrator working in a district that has its administrative office in a county of 35,000 inhabitants or less. (Dropped reaching normal retirement age requirement from 2001)
- By the sheriff of a county with a population of fewer than 75,000 inhabitants, according to the latest federal decennial census;
- By the municipal police department of a city with a population of fewer than 15,000 inhabitants, according to the latest federal decennial census;
- By the state or a county for work in a correctional institution located in a county with a population of fewer than 75,000 inhabitants, according to the latest federal decennial census;
- By the Oregon State Police for work in a county with a population of fewer than 75,000 inhabitants, according to the latest federal decennial census;
- To temporarily replace an employee who serves in the National Guard or in a reserve component of the Armed Forces of the United States and who is called to federal active duty; and
- By a road assessment district organized under ORS 371.405 to 371.535.
- Who has attained normal retirement age and is on active state duty in the organized militia (ORS 399.075(8)).

2005 – Allows **unlimited** hours for retirees employed by the Black Butte Ranch Rural Fire Protection District, the Black Butte Ranch Service District, or the Sunriver Service District.

2007 – Allows **unlimited** hours for:

- A retired member employed as deputy director or assistant director of the Department of Human Services if the Governor approves the exception for the specific person in the position;
- Retired member who is a nurse and is hired as a nurse or for the purpose of teaching nursing during a nursing workforce shortage declared by the Governor or the Legislative Assembly;
- A retired member employed by the Legislative Assembly or the Oregon State Police for service during a legislative session. Hours are not counted toward the 1039-hour limitation. No longer limited to a retired member age 65 or older.
- A retired member who is a registered nurse and is hired by a public employer as a nursing instructor (Sunsets January 2, 2016);
- A retired member hired by the Department of Public Safety Standards and Training to provide training under ORS 181.610 - 181.712 (Sunsets January 2, 2016).

The following provisions allow unlimited hours and were made available to members who took early retirement if the date of employment in the position is at least six months later than the member's retirement date:

- A retired member who is employed as a teacher or administrator by a community college district located in a county of 35,000 inhabitants or less;
- A retired member employed as a teacher or administrator by an education service district (ESD) where the primary duties of the retired member are performed in a county of 35,000 inhabitants or less. [Eliminates the requirements that the ESD be located in a county of 35,000 inhabitants or less];
- As a teacher or administrator by a school district located in a county of 35,000 inhabitants or less.
- A retired member employed as a speech-language pathologist or speech-language pathologist assistant by a school district or education service district (Sunsets January 2, 2016).