

HOUSE COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT SYSTEM

March 11, 2003 Hearing Room E
3:00 PM Tapes 29 - 30

MEMBERS PRESENT: **Rep. Tim Knopp, Chair**
 Rep. Alan Brown, Vice-Chair
 Rep. Deborah Kafoury, Vice-Chair
 Rep. Jeff Barker
 Rep. Tom Butler
 Rep. Greg Macpherson
 Rep. Mary Nolan
 Rep. Dennis Richardson
 Rep. Wayne Scott

STAFF PRESENT: **Cara Filsinger, Administrator**
 Annetta Mullins, Committee Assistant

MEASURE/ISSUES HEARD: **HB 2008 – Public Hearing**
 HB 2020 – Public Hearing
 HB 2330 – Public Hearing
 HB 2421 – Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
Tape 29, A		
003	Chair Knopp	Calls meeting to order at 3:09 p.m. and opens public hearing son HB 2008 and HB 2020.
<u>HB 2008 AND HB 2020 – PUBLIC HEARINGS</u>		
	Chair Knopp	Enters into the committee record a follow-up letter on optional retirement plans received from Denise Yunker, Oregon University System (OUS) (EXHIBIT A).
013	Brian Delashmutt	Employee Coalition. Reports on discussion of work group on successor plan for PERS.
049	Jim Green	Employer Coalition. Comments on discussions of work group on successor plan for PERS. Requests actuary assistance on development of costs of components of proposed plan. Asks Chair Knopp if they should submit the agreements they have or continue to work until Thursday.
	Chair Knopp	Advises the group should continue to meet and be prepared to submit their report on Thursday.
078	Rep. Macpherson Delashmutt	Asks if the work group is working on a plan for new hires. Responds affirmatively and states they are having discussions also about a plan that current PERS members would be allowed to move over to.
107	Green	Comments that the plan being discussed would provide an option for both Tier I and II members and would not force anyone to move over.
	Delashmutt	Comments on advantages to employees and employers of having current employees move to a new system.
118	Chair Knopp	Comments on retirement plans of government agencies in

Oregon. Enters into the record a report “Non PERS Employers with Social Security Section 218, Political Subdivisions” (**EXHIBIT B**). Adds that likely there is a group of public employers that cannot be tracked because they don’t have a social security element to their plan.

Chair Knopp

Closes the public hearings on HB 2008 and HB 2020 and opens a public hearing on HB 2330.

HB 2330 – PUBLIC HEARING

Rep. Butler

Explains that he introduced HB 2330 at the request of a rural road district. States he has four rural road districts in his legislative district. Explains that it is difficult to find people to commute to work in a rural road districts. They wish to be able to continue to hire retirees and that the retirees be allowed to work in excess of 1040 hours.

Rep. Macpherson

Asks what the justification is for an individual retiring on Friday and yet continuing to work the following Monday collecting full retirement benefits and full income benefits doing the same job he was doing before retirement.

Rep. Butler

Responds that the person is double-dipping in the sense that they are still working and receiving retirement benefits. States he does not have difficulty with that, particularly when nobody is rushing to the jobs in these small communities. Comments that rural schools are addressed in other measures.

239

Chair Knopp

Closes the public hearing on HB 2330 and opens a public hearing on HB 2421.

HB 2421 – PUBLIC HEARING

Dave Guile

An elementary school principle and resident of Keizer. Presents prepared statement in support of HB 2431 (**EXHIBIT C**).

311

Rep. Macpherson

Comments on attempts to develop a new system for new hires.

Asks for comments on the current system that provides unreduced benefits to people who want to retire to capture the unreduced benefit and draw a paycheck at the same time. Asks if that should be replicated in a successor plan.

328

Guile

Responds that generally he thinks the system rewards the people who put in 30 years plus. It provides an opportunity for government to retain experience in public service by saying the employee may retire and continue to work. It is worth considering.

355

Rep. Barker
Guile

Asks how they would determine who gets a job.

Explains how the school district could advertise and hire employees, and explains the limitations on the employer.

373

Rep. Barker
Guile

Asks what happens if someone gets hurt on the job.

Responds that he assumes they would be covered by workers compensation.

Chair Kopp

Asks if the 10 percent limitation of employees would apply to the district in general instead of classification.

Guile

Responds that is correct.

Rep. Butler

Asks if this bill would allow Rep. Backlund to go back to work.

400

Rep. Backlund

Responds he believes this bill would permit the school district to rehire any employee, including himself. Comments on the desire of employees desiring to continue to work who felt they must retire. Believes this will be a real benefit to public employers.

023	Rep. Backlund	Comments that this bill should not be the final process. Notes provision that employee must give back six percent and states he would be willing to amend that out. Believes there is some real urgency in making changes. If committee is interested, they can add the emergency clause.
046	Rep. Brown Rep. Backlund	Asks if this would set aside labor contracts. Comments that the provisions could be dealt with and the ideas could be implemented right away. Comments on scenarios involving contracts.
065	Rep. Nolan Guile	Comments on the design of life expectancy tables to take away the need to rush to the door. Asks if the witnesses do not think that provision will be effective. Responds he thinks there are too many other bills that are in the process that the employees are uneasy about. The perceptions is that PERS will be changed so significantly it will take years for them to get back to where they are now.
088	Rep. Nolan Guile Rep. Backlund	Asks if the witnesses have consulted other public employers. Responds he has not. Responds no, and states he considered how beneficial it would be.
101	Rep. Barker	Comments that in labor negotiations, the contract supersedes the law. States that the organizations are very nervous about who gets to stay in and who doesn't. This will also plug up system for the new hires.
113	Guile	Comments on being able to hire more teachers at a lesser rate.
125	Rep. Backlund	Suggests the committee could impose a sunset.
134	Rep. Butler	Comments on employers not being allowed to pick up the six percent on returning employees (page 15, line 1 of the bill). Comments that he would like to look at a group of employees with the benefits and those without to show the compensation costs to the employer. It compensates the school district because they do have a higher PERS rate in the process; it is not a loss to the overall system.
177	Rep. Backlund	Comments that HB 2421 is the big concept and they will leave the details to the committee if the committee likes the general concept.
	Chair Knopp	Enters into the committee record a letter received from Harvey Bennett, President of Umpqua Community College in support of HB 2421 (EXHIBIT D) .
190	Steve Delaney	PERS Legislative Liaison. Presents prepared statement on HB 2421 and proposing amendments (EXHIBIT E) .
241	Rep. Nolan Jim Voytko	Asks if PERS has done an analysis of 10 percent of positions statewide, and what it would do to retirement of the unfunded liability. Responds that the effect on the actuarial standing is modest. They are not generating any obligations; it seems to be a wash. Comments on the need for employers to amortize, and shifting of costs.
299	Rep. Butler Voytko	Notes that the bill limits the number of employees to 10 percent. Comments that the six percent contribution happens to be very close to at least the current charge per capita associated with the

		amortization or payoff of the unfunded actuarial liability as it is analyzed today. States that the rate will grow in the next rate setting.
319	Delaney	Notes that the 10 percent limit is in Section 7 and Section 8 does not prevent an employer from rehiring a retired employee under the other provisions of .082, which remain in effect. They could hire under the normal 1039 rules.
	Rep. Macpherson	Asks if there has been an analysis of employees working in excess of the allowable hours for retirees.
343	Delaney	Explains scenario where PERS may consider an entire employment period.
	Voytko	Comments on what is considered volunteer work.
382	Rep. Nolan	Asks if PERS knows how many retirees are working.
.	Delaney	Responds it is not reported to them.
406	Tom Heiser	Representing substitute teachers. Testifies in opposition to HB 2421 (EXHIBIT F) .
Tape 29, B		
	Heiser	Continues presentation.
029	Rep. Butler	Comments that should this bill become law we would see whether it attracts retired teachers at the lowest compensation. Asks if this would create problems for new teachers who must teach at least half time and substitute teachers.
	Heiser	Responds affirmatively. States if this were law, there would be a ten percent loss of jobs for teachers who have just graduated. Cites number of applicants at job fair for elementary and middle school teachers and availability of teaching positions.
051	Rep. Richardson	Asks what the number of applicants were for high schools.
	Heiser	Responds he does not know because the research was done by someone else.
060	Tom Manton	Keizer resident. Comments that this adds new benefits to the system. Notes he is neutral on the bill. Notes that the workforce will be older and the health costs will rise and will skew the rates. Notes that total payroll will drop. Cautions about unintended consequences. Always concerned when new benefits are conferred to existing employees.
081	Bob Livingston	Oregon State Firefighters. States he will take a neutral position but is more prone to oppose it. Thinks that placing something in statute for a short-term problem is problematic. Also is not sure how something like this will fit into a new successor plan. Also cautions committee to consider the unintended consequences. Asks who would choose the 10 percent of employees that would be hired under this. Suggests there needs to be further evaluation of risk to human resources and personnel management. States there are other options before this committee, including the plan in HB 2723, which could provide a short-term fix for PERS and fit better into a successor plan.
134	Brian Delashmutt	Representing his clients, not coalition. States that his clients have looked at the bill and see some of the same flaws that have already been discussed. They are interested in on-going discussion about not having a brain drain. Questions how this bill fits into the whole picture.
178	Mary Botkin	American Federation of State County and Municipal Employees (AFSCME). Comments that they represent a lot of people in

		public safety and they do not think an older workforce is always the best thing and that they do not want to diminish the importance of experience. Notes provision in the law currently that allows six months of employment. Also represent forensic technicians, doctors and nurses. Reasons that young employees bring new ideas and provide flexibility. Comments on the need for experienced staff to teach the new employees the ropes. Comments on Oregon having one of the highest unemployment rates in the count, and allowing the retirees to enjoy life. They do not want to cut down on the number of available jobs now. Oregon Education Association (OEA). Testifies in opposition to HB 2421 (EXHIBIT G).
	BethAnn Darby	
247	Rich Peppers	SEIU. Testifies in opposition to HB 2421. Expresses concern about collective bargaining requirement for entry level pay, fairness, and generation of new jobs.
287	Arnie Leinsberg	Retired federal employee. Comments on working after retirement and salary received. Comments on acquaintances desiring to work halftime, and negative reaction of people who hear about PERS retirees.
351	Rep. Richardson Leisberg George Stillingworth	Asks at what percentage of his salary he retired at. Responds that his retirement was about 40 percent of his salary. Keizer resident. States his daughter is in Mr. Guile's second grade class. Comments on the 10 percent limitation of retired persons being hired, and people who have degrees don't always not staying in that field as a career
407	Chair Knopp	Closes the public hearing on HB 2421 and adjourns meeting at 4:33 p.m.

EXHIBIT SUMMARY

- A – HB 2008 and HB 2020, letter, Denis Yunker, 2 pp**
- B – HB 2008 and HB 2020, report, Rep. Knopp, 6 pp**
- C – HB 2421, prepared statement, Dave Guile, 1 p**
- D – HB 2421, letter, Harvey Bennett, 1 p**
- E – HB 2421, prepared statement, Jim Voytko, 5 pp**
- F – HB 2421, prepared statement, Tom Heiser, 1 p**