

# HOUSE COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT SYSTEM

March 04, 2003 Hearing Room E  
3:00 PM Tape 26

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

**MEMBER EXCUSED:**        **Rep. Deborah Kafoury, Vice-Chair**

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

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

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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.

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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 26, A</b>		
003	Chair Knopp	Calls meeting to order at 3:07 p.m. and opens simultaneous public hearings on HB 2008 and HB 2020.
<b><u>HB 2008 AND HB 2020 – PUBLIC HEARINGS</u></b>		
	Chair Knopp	Enters into the record a letter from Nikki Whitty, County Commissioner, Coos County, suggesting an amendment to HB 2020 <b>(EXHIBIT A)</b> .
018	Lisa Zavala	Associate Director, Government Relations, Oregon University System (OUS). Introduces Denise Yunker.
	Denise Yunker	Human Resources Manager and administrator of the Optional Retirement Plan (ORP) for OUS. Explains retirement plans offered by OUS and proposes amendments to HB 2008 <b>(EXHIBIT B)</b> .
080	Yunker	Continues presentation <b>(EXHIBIT B)</b> .
147	Rep. Nolan	Asks if any of the employer contribution under the ORP goes into the unfunded liability of PERS.
	Yunker	Responds they do not; the plans are entirely separate.
	Rep. Butler	Asks if OUS previously considered decoupling.
	Yunker	Explains they did consider it in 1997 when they became aware of the costs associated with HB 3349, the tax remedy legislation. They realized the increase in their premium payment did not apply to ORP participants. Adds that they had internal discussions but the rates at that point were still not significantly high enough that they felt they needed to bring the issue up. They can now see the dramatic increases due to the amortization because of the losses.

160	Rep. Macpherson	Asks if all contributions in the ORP are the same as the contribution rate required of the OUS to PERS.
	Yunker	Responds affirmatively and states the provisions for the payments are in ORS 243.800(8) and (9).
	Rep. Macpherson	Asks if the problem would be solved if members were folded into a successor plan and there was no ORP.
	Yunker	Responds it would solve the contribution problem. Comments that the OPR was designed for the mobile work force. Explains that faculty are recruited nationally and internationally and they wish to take their account balances with them. The participants in the ORP have 147 options for investments and can manage their own accounts.
200	Rep. Macpherson	Asks how the performance of the ORP has compared to PERS over the last five years.
	Yunker	Responds that PERS has done better. States they do not track the overall investments of the ORP and therefore do not have figures on the overall performance of the ORP. States that they perform reviews to look at the stability and viability of the fund sponsor and to look at the asset allocation. Typically, OUS employees tend to be fairly conservative in their investment strategies.
223	Rep. Richardson	Asks if there would be substantial interest in people changing to a new system.
	Yunker	Comments on new employee choices. States that of the 2,100 employees enrolled in the ORP, 700 were PERS members who chose to retain their PERS accounts and participate in the ORP.
256	Rep. Richardson	Asks what Yunker's response is to the concern that employees may not be able to or will not make good choices in a defined contribution plan.
	Yunker	States she supports a different benefit plan for a portion of the population. The 2,100 employees who have elected the ORP are just 30 percent of the eligible population. The total OUS eligible population is another 3,000 employees. A majority of OUS employees have a high comfort level with a defined benefit plan. States that should PERS decide to adopt a different defined contribution plan, as a plan administrator, her concern would be whether there is a differentiation for a certain portion of the population.
292	Rep. Richardson	Asks if it has been administratively difficult to have two options for their employees.
	Yunker	Responds that it has not been very complicated. Explains that they have provided comparative information so people can make their decisions. The biggest challenge has been to explain the difference between a defined contribution plan and a defined benefit plan.
323	Rep. Richardson	Asks if they have considered offering a combination plan.
	Yunker	Responds negatively.
	Rep. Barker	Asks if it is correct that the ORP is attractive to those in OUS who know they will not be here for 30 years.
	Yunker	Responds affirmatively.
348	Rep. Nolan	Asks who is eligible to participate in the ORP.
	Yunker	Explains OUS has two classes of employees that are eligible for the plan: administrative and academic. States they also differentiate between classified and unclassified employees;

	Rep. Nolan	ORP is available to the unclassified employees.
	Yunker	Asks if any of the people who are eligible are covered by collective bargaining agreements.
395	Rep. Macpherson	Responds affirmatively. Explains they have faculty who are in collective bargaining agreements and those faculty are eligible for the ORP.
	Yunker	Asks what classes of employees in OUS are not eligible for the ORP.
	Rep. Macpherson	Explains that a single class of employees called classified are represented by SEIU Local 503, OPEU, and PCIU; about 3,500 employees of the 11,000 total.
400	Rep. Nolan	Concludes that about one-third of the population of OUS are not eligible for the ORP.
	Yunker	Asks Yunker if she is a member of PERS or the ORP.
	Chair Knopp	Responds she is in PERS. States that the committee should not infer anything from that. Explains that PERS was a big draw. Comments on previous employment and retirement plans.
420	Yunker	Asks if the OUS coaches are eligible for the ORP.
	Chair Knopp	Responds that she would suspect they do qualify.
434	Chair Knopp	Enters into the record a letter from Joseph Schweinhart, Associated Oregon Industries ( <b>EXHIBIT C</b> ).
459	Chair Knopp	Comments on the continuing work toward a resolution and agreement on a successor plan by employer and employee groups.
		Adjourns meeting at 3:36 p.m.

### **EXHIBIT SUMMARY**

**A – HB 2020, prepared statement and proposed amendments, Nikki Witty, 3 pp**

**B – HB 2008, prepared statement and proposed amendments, Denise Yunker, 4 pp**

**C – HB 2008, letter, Joseph Schweinhart, 1 p**