

# HOUSE COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT SYSTEM

May 20, 2003 Hearing Room E  
3:00 P.M. Tapes 67 - 68

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

**MEMBER EXCUSED:**        **Rep. Tom Butler**

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

**MEASURE/ISSUES HEARD:** **HB 2978 – Public Hearing**  
                                 **HB 2979 – Public Hearing**  
                                 **HB 2980 – Public Hearing**  
                                 **HB 2981 – 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.

---

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 67, A</b>		
003	Chair Knopp	Calls meeting to order at 3:13 p.m. and opens public hearings on HB 2978, HB 2979, HB 2980 and HB 2981.
<b>HB 2978, HB 2979, HB 2980, HB 2981 – PUBLIC HEARINGS</b>		
009	Margaret Hallock	Department of Administrative Services (DAS). States they have serious reservations about the bills. They believe the bills are counter productive and will not cause labor relations to go any more smoothly and believe the end result could be quite disruptive. Believes that over the next few years labor-management negotiations will be fragile enough in Oregon because of the many changes that have already been enacted and the economic climate. They feel the best place to resolve the remaining issues is at the bargaining table and further changes to the collective bargaining statutes should not be made.
030	John Marshall	Oregon School Boards Association (OSBA). Testifies in support of all four bills. Comments on school boards' responsibility to bargain with their employees and employee representatives when asked to do so. There are 198 school districts of which 178 have contracts with their licensed and classified employees. There are over 350 collective bargaining agreements in place, not including 21 education service districts (ESD) or 17 community colleges, many of whom have two or more collective bargaining agreements. They believe these bill will make the existing collective bargaining process a smoother, more streamline, and less expensive. States they have written testimony outlining the

		provisions of the four bills and their rationale for support <b>(EXHIBIT A)</b> . Asks that Rom Wilson be allowed to explain the bills.
048	Ron Wilson	Director, Human Resource Development, OSBA. Comments on time required to bargain contracts and the expense of bargaining. Comments on HB 2978 <b>(EXHIBIT A, page 1)</b> .
090	Wilson	Comments on HB 2979 <b>(EXHIBIT A, page 3)</b> .
132	Wilson Chair Knopp Wilson	Comments on HB 2980 <b>(EXHIBIT A, page 4)</b> . Asks if there is one place a person can go to see all the contracts. Explains that their office has a library that includes all contracts, including contracts of ESDs and community colleges. Adds that the contracts would be available to anybody under the public information request process, and they would provide specific language if the committee wishes.
159	Rep. Macpherson	Comments on actions affecting the statutorily required benefits for public employees, and states that it seems the collective bargaining rights are the last protection for the employees. Asks if this is the right time to be bringing this package forward.
178	Wilson	Responds that the bills talk about changes to the bargaining process; they do not dictate a particular result. The bills are referring those decisions back to the bargaining process. HB 2978 is about making the process more efficient for both parties. The second bill, by modifying the statute on step increases, refers it back to bargaining, and HB 2980 does the same thing. The bills are responsive changes that are needed because of the current situation and not all change comes at a pace we would like, but thinks these changes are necessary.
210	Rep. Macpherson  Wilson	Asks if it is a fair generalization to say that all four of these bills change the landscape of bargaining in a way that is less favorable to public employees. States he would disagree. It does change the landscape and the rules but it doesn't prejudice public employees in the process; it forces both parties to be more efficient.
221	Rep. Barker  Wilson	Comments that Wilson is complaining that it takes too long to bargain a contract, and then they want to double the time by saying in an economic situation they would go back to negotiations. Responds that he does not believe that the effect of HB 2980 would be to double the time. Comments on reopening contracts in Tillamook.
246	Rep. Barker Wilson	Asks if this applies to all public employees, not just teachers. Responds affirmatively.
249	Rep. Barker  Wilson  Rep. Barker	Comments that if some are agreeing to reopen their contracts he does not see why it should be imposed on everybody. Responds that he thinks this provides a much more positive tool that the parties can use to refine the problem-solving solutions at the bargaining table. Comments on serving on a negotiating team and reaching a settlement, then the organization finding millions of dollars. Asks if unions should have automatic re-opener for more wages if the economic times improve.
270	Wilson	Responds that he doesn't think it is realistic to expect a windfall, but some windfall agreements do occur.

285	Rep. Barker Wilson	Asks if this is for only a short time. Responds that the bills do not address how long the statutes would be in place.
291	Rep. Barker  Wilson	Gives example of City of Portland giving money to Dignity Village. Asks if the city could say they don't have any money because they gave it to somebody else. Responds he is not that familiar with City of Portland bargaining. This bill talks about a revenue shortfall not an expenditure or allocation shortfall. Believes the answer would be no.
325	Rep. Barker  Rep. Richardson	Comments this just seems to be a stacking on now because we are in tough economic times. Comments on SB 750 (1995). Asks if it would not be more efficient, rather than doing away with or prohibiting a coalition of local labor unions, to have a coalition of school that would represent the schools in the Southern Oregon Bargaining Council and enter into agreements that would cover that region.
339	Wilson  Rep. Richardson	Responds that some of his attorney friends have indicated that such a coalition would probably not be supported by the current statutory structure. One of the observations is that better decisions are made at the local level. On the basis of a public policy perspective, these detailed decisions are best made at the most local level. Comments on serving on local budget committee while not knowing how much would be funded by the state. Adds there is discussion of having statewide bargaining since the funds are state controlled.
412	John Marshall	Comments that they have dealt with this issue since Measure 5 passed. The question is how to balance the legislature and its fiduciary responsibility to assure the state money allocated to schools goes where the legislature thinks it ought to go. Comments on state-wide bargaining. They believe allowing local citizens to sit down with their employees in their community and work out agreements relative to salaries, benefits, and conditions of employment works well. They are suggesting here that they believe they have identified some ways to make that more efficient, streamlined, less expensive, less burdensome, and less cumbersome.
<b>TAPE 68, A</b>		
008	Rep. Nolan  Wilson	Asks what, under HB 2979, would prevent an employer from dragging its feet to withhold step and merit increases from its employees. Responds that he thinks this bill takes away the public policy statement that grants automatic pay increases; this bill would put it back on the bargaining table.
039	Rep. Nolan  Wilson	States the step increases are already in collective bargained agreements. Responds that this, as a statute, would impose that on a collective bargaining agreement, when the agreement doesn't necessarily address that issue.
054	Rep. Nolan	Comments that she is hearing that the step increases are now in collective bargaining agreements and Wilson is advocating that we take them out and that the legislature should dictate how that should happen.

	Wilson	States there are different levels of complexity; much more time than the 100 hours is involved. It is 100 hours of all those involved. Believes that bargaining counsels make the process more complicated and less efficient.
113	Rep. Nolan	Asks if Wilson advises school districts on negotiations and provides certain services. States that while they don't call themselves a coalition, they have an association of employers and Wilson is serving very much the same function of a coalition for the employers. Asks why it is fair to let him provide those services and not allow the employees to do the same thing by pooling their resources.
129	Wilson	States they do provide negotiating services and consultation for school districts, and they will represent school districts at the bargaining table as the chief spokesperson, but they do not represent all the school districts. The districts have private attorneys and labor consultants that provide that service. OSBA does it for 45-50 districts at various levels. When they provide service to a local district, they are not representing OSBA and they do not have a statewide bargaining policy; they are representing the local school board. They try to do the opposite of what a coalition would—they try not to bring an outside agenda to a local negotiation.
148	Tricia Bosak	Oregon Education Association (OEA). States they are in opposition to all four bills. These are not new concepts. Many were discussed and discarded in 1995 in SB 750 and in 1977 in SB 650. HB 2980 seems to be a reaction to the current fiscal condition. States they are concerned about the implications and these proposals would be a part of the Collective Bargaining Act for all time. They see all the changes as impractical or unnecessary. These bills upset the balance between employers and employees. Introduces Diane Trainque, a negotiator for OEA.
196	Diane Trainque	OEA Negotiator. Testifies in opposition to HB 2978, HB 2979, HB 2980, and HB 2981. States that ORS 243.656 is the policy statement and is an important piece of why they oppose all four bills before the committee.
205	Trainque	Comments on HB 2978 and interim bargaining. States that the ability to reach a peaceful settlement is dependent on good faith. Suggests that if someone wants to make bargaining more efficient, it might be to impose upon the parties a minimum number of hours they must come together. If the school district was willing to promise 100 hours at the bargaining table talking in good faith, she would then be willing to shorten the timelines even further. Timelines are not the answer and will not change whether or not the parties enter into the process in good faith. States there were a few school districts that bargained for a long time. The reality is each year there is somewhere in the neighborhood of 80 to 100 contracts bargained in school districts and the vast majority are bargained without going to mediation and they hope everything is not changed because of a few bad examples.
276	Trainque	Comments on HB 2979 relating to merit and longevity steps. Explains that putting steps into the contract was a way to save school districts money and allowed teachers to gradually move

		up to a professional or contract-level salary. States that the experience step for the last year of a current agreement is earned inside that year under the terms of the old agreement. To prevent the teacher or any member of the bargaining unit from taking that step the next year would be to deny them a benefit they already earned the previous year.
298	Trainque	Comments on HB 2980 relating to revenue shortfall. States that if a district can declare they have a financial emergency, it does not give them a lot of motivation to spend their money as wisely as possibly. They would be concerned about the shift in balance that could occur if the districts could make these kinds of unilateral decisions. States there are also practical problems. If there is disagreement about whether the district meets the conditions or terms set up in the statute, who would resolve the dispute, and how long will the dispute take before bargaining can get back on track. Believes this will delay bargaining and make it more difficult. It will not provide an atmosphere of trust between the parties.
340	Trainque	Comments on H 2981 relating to the coalition of labor organizations. Comments on structures and benefits of bargaining councils.
368	Rep. Barker	Comments this would seem to be detrimental to the moral of the public employees.
	Trainque	Agrees. States that the process is not broken and does not need to be fixed.
409	Mary Botkin	American Federation of State County and Municipal Employees (AFSCME) Council 75. Explains AFSCME's bargaining process and states they do not believe it makes sense to create timelines. States that the Employment Relations Board (ERB) would not be able to meet the timelines.
<b>TAPE 67, B</b>		
020	Botkin	Comments on HB 2979. States there are processes that say if you are dragging your feet at the bargaining table, you are guilty of an unfair labor practice of bargaining in bad faith; it is against the rules. States she cannot imagine a union dragging its feet so their employees would get a step increase. Even under the most contentious circumstance it would make no sense.
032	Botkin	Comments on HB 2980 relating to reopening contracts in an economic downturn. States they do it all the time. States that the only time they came close to striking in Portland was when the mayor gave all the money away and when they went to the bargaining table, the mayor said there was no money. This is a process which is fraught with potential problems of the employers acting in bad faith.
068	Botkin	Comments on HB 2981. The City of Portland can bargain nine contracts instead of one. States that in rural contracts they do coalition bargaining. Explains that it saves money, time, and meets the needs of everyone. States that for the State of Oregon contracts they have a central table bargaining where they bargain for every state agency they represent.
110	Rob Wagner	American Federation of Teachers of Oregon (AFT of Oregon). States they are opposed to all the bills. Comments that they feel HB 2979 and HB 2980 tilt the table toward management and poison the bargaining environment. States that as he reads the

		statute nothing prohibits mutual agreement to freeze steps pending the next contract. Reads language in HB 2979, on page 2 in line 10. The effect of the bill is to statutorily prohibit steps and takes the issue away from the bargaining table.
132	Wagner	States they had a situation with their Portland Community College faculty in the 1980s where the steps were frozen despite the fact it was in the collective bargaining agreement that steps would be honored. They sued and won on an unfair labor practice claim. The employer had to go back and recalculate the additional earnings consistent with the bargaining agreement.
145	Wagner	States there is nothing that prohibits an agreement to reopen a collective bargaining agreement in times of financial exigency. Explains they have several contracts that could be reopened. Adds that there is no definition of “unexpected revenue shortfall.”
169	Wagner	States that the last two bills do not directly affect their people and believes the timeline piece has been well stated. Believes the bills are a poison pill.
177	Tricia Smith	Oregon School Employees Association (OSEA). States they are also opposed to all the bills. States they negotiate approximately 50 public sector new and successor labor contracts each year and on average their union is involved in 10 expedited collective bargaining negotiations each year that modify or add new language to an existing contract. HB 2978 is counter productive. Artificial timelines for completion of the collective bargaining process will not produce faster nor better agreements between the parties; it will only produce a more contentious setting in which to try to make agreements.
224	Smith	States their members feel these bills are a fine way to thank them for coming to the table as often as they have to help employers try to stabilize and manage their budgets in a reasonable way. It is difficult for members to do that and then have bills like this come forward that appear to be motivated by a sense that they are not doing their part, which they feel they are.
234	Smith	Comments that HB 2979 is interesting because merit pay and longevity pay schedules are not the first choice of labor. Believes they were put into place to allow the employer to work into market wages for their employees. For the employers to now say they don’t want to pay these step increases when they have already been negotiated and earned by the people is inappropriate. If the employers don’t like merit and step raises then they should go to a market rate for wages and skip the five-year lead in to the actual wage, which is the top step.
259	Smith	States they do not understand HB 2980 at all. Asks what “unexpected” revenue shortfall is.
279	Smith	States that OSEA does not have bargaining councils. They do not see a need for this bill. Believes the City of Portland is a perfect example for why bargaining councils are a good idea.
300	Brian Delashmutt	States that all of his clients are against all of these bills.
310	Chair Knopp	Closes the public hearings on HB 2978, HB 2979, HB 2980, and HB 2981.
317	Chair Knopp	Adjourns the meeting at 4:30 p.m.

**EXHIBIT SUMMARY**

**A – HB 2978, HB 2979, HB 2980 & HB 2981, prepared statement, John Marshall & Ron Wilson, 6  
pp**