

# SENATE COMMITTEE ON GENERAL GOVERNMENT

March 12, 2003  
3:00 p.m.

Hearing Room B  
Tapes 21-22

**MEMBERS PRESENT:**     **Sen. Tony Corcoran, Chair**  
                                  **Sen. John Minnis, Vice-Chair**  
                                  **Sen. Bruce Starr**  
                                  **Sen. Vicki Walker**

**STAFF PRESENT:**       **Mark Ellsworth, Committee Administrator**  
                                  **Heather Gravelle, Committee Assistant**

**MEASURE/ISSUES HEARD:**     **HB 2004A – 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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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>TAPE 21, A</b>		
005	Chair Corcoran	Calls meeting to order at 3:00 p.m. Opens public hearing on HB 2004A.
<b><u>HB 2004A – PUBLIC HEARING</u></b>		
008	Mark Ellsworth	Committee Administrator. Provides overview of HB 2004A.
010	Rep. Tim Knopp	District 54. Testifies in support of HB 2004A. Explains history and states the outcome isn't quite as it was understood to be.
070	Rep. Knopp	Adds the amendments don't reflect a substantial difference. Clarifies the new section will expedite the process.
075	Rep. Greg Macpherson	District 38. Testifies in support of HB 2004A. Urges adoption of the -13 amendments. Explains position and how the bill was designed. States the goal is to update the mortality tables to establish an account balance.
100	Rep. Macpherson	Clarifies the amendments are appropriate; the effect of the look back would be an assurance which would be extended to all the optional forms of benefits. Adds the proposed fiscal analysis was based on the understanding it would apply to all optional forms of benefits.
120	Chair Corcoran	Asks if Rep. Macpherson concurs with Rep Knopp's assumption that the amendments would expedite the review process.
125	Rep. Macpherson	Comments it would be the right direction.
150	Dave Hendricks	Legislative Counsel. Explains HB 2004A. Provides an overview and history.
180	Hendricks	States what changes are in the amendments. Adds when the mortality tables will go into effect. Explains all aspects which may affect the Individual benefits.
250	Hendricks	Explains how the calculations are figured and the determination of benefits. States the look back applies for people who retire in the next two years.
315	Chair Corcoran	Asks for clarification on benefits and access to look back.
320	Hendricks	Answers and clarifies the look back process again.
335	Sen. Minnis	Mentions current mortality tables, and assumptions. States he would like to see graphs or other visual aids as examples.

385	Jim Voytko	Executive Director, PERS. Responds and clarifies he could produce graphs and other visual aids to have available at the next meeting.
440	Chair Corcoran	Asks for recommendation of who would do the fiscal estimate of the look back.
470	Voytko	Responds and offers recommendation.
<b>TAPE 22, A</b>		
005	Sen. Minnis	Asks if there have been any fiscal assumptions.
010	Voytko	Responds and states they can produce the fiscal assumption developed in the House side.
030	Sen. Minnis	Inquires how many people are estimated to retire.
035	Voytko	Responds 5,100 people will retire by the end of 2003.
055	Pat West	President of Oregon Fire Fighters Council, PERS Coalition. Provides written testimony ( <b>EXHIBIT A</b> ). Testifies in opposition to HB 2004A. Explains position and comments he would like to change the implementation dates.
080	West	Clarifies further why he is opposed to HB 2004A. Mentions problems with HB 2004A as it is currently written. Specifies key problem is the old actuary tables would not be used. States assumed intention and what the consequences of passing HB 2004A would be. Mentions survivor benefits.
125	Beth Anne Darby	PERS Coalition. Testifies against HB 2004A. Explains position. Advises the accrued benefits theory has not been tested. Adds HB 2004A supports a theory rejected by the PERS board. Mentions what should be included and provides examples.
180	Darby	Points out specific issues. Further explains the language needs to be amended, and states what it should be changed to.
190	Bill Gary	Attorney. Testifies in support of HB 2004A. Explains position and provides examples. States the Board currently utilizes outdated mortality tables. Describes on average, people are living four years longer, and benefits are higher if the correct mortality tables were being utilized. States the consequences if HB 2004A should not be implemented.

**TAPE 21, B**

025	Chair Corcoran	Emphasizes he expects a joint amendment.
030	Gary	Answers they will identify where there is agreement and disagreement and will attempt to develop a resolution.
035	Chair Corcoran	Explains why he is asking, and mentions time pressures.
085	Chair Corcoran	Asks if Gary understands the impact of the amendments as explained by LC and as reviewed by Rep. Knopp and PERS representatives.
090	Gary	States he does understand.
145	Tricia Smith	Oregon School Employees Association. Testifies in opposition of HB 2004A. Provides written testimony ( <b>EXHIBIT B</b> ). Explains position. States which is the correct method, adds it will save money in the future. Remains willing to utilize the look back approach. Feels HB 2004 violates members contracts explains how and gives specific examples
205	Chair Corcoran	Asks for clarification on the violations of contracts.
210	Smith	Clarifies issue.
215	Smith	States it's not a good idea to have the issue resolved at the supreme court level. Feels it must be settled by the legislature.
235	Sen. Minnis	Cites ORS current law, and asks what part is unclear.
240	Smith	Mentions experience in PERS arena, states fear of diminishing benefits of members.
250	Sen. Minnis	Clarifies original question.
255	Smith	Refer to the memo.
260	Sen. Minnis	Clarifies again, explains position. Mentions Lipscomb decision, adds the board disregarded the statute. Declares the law is the contract.
285	Sen. Starr	Agrees with Sen. Minnis.
325	Chair Corcoran	Expresses they have not seen the Attorney Generals opinion yet.
365	Brian Delashmutt	Oregon Correctional Employees Association. Mentions public safety officers historically have been receiving fewer benefits than others. States he will be providing a study on the issue.

**TAPE 22, B**

010	Sen. Minnis	Inquires if the majority is retiring younger.
020	Brian Delashmutt	Responds and gives examples. Describes the calculations utilized and the money match system.
035	Ed Johnston	Member of the Public. Comments the state retirement system is not fair, adds 60% on average would be fair.
045	Chair Corcoran	Closes public hearing on HB 2004A. Adjourns meeting at 4:55 p.m.

**The following prepared testimony is submitted for the record without public testimony for HB 2004A.**

**Michelle Deister                      Submits written testimony (EXHIBIT C).**

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**EXHIBIT SUMMARY**

- A – HB 2004A, written testimony, Pat West, 21 pp**
- B – HB 2004A, written testimony, Tricia Smith, 2 pp**
- C – HB 2004A, written testimony, Michelle Deister, 1 p**