

SENATE SPECIAL COMMITTEE ON
PERS STABILIZATION

September 7, 2002 Hearing Room H-170
9:00 a.m. Tape 6

MEMBERS PRESENT: **Sen. Roger Beyer, Chair**
 Sen. Ryan Deckert
 Sen. Charles Starr

STAFF PRESENT: **Cara Filsinger, Committee Administrator**
 Nancy Masee, Committee Assistant

MEASURE/ISSUES HEARD: **SB 1028 – 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.

TAPE/#	Speaker	Comments
TAPE 6, A		
004	Chair Beyer	Convenes meeting at 9:22 a.m. Opens public hearing on SB 1028.
<u>SB 1028 – PUBLIC HEARING</u>		
013	Chair Beyer	Describes SB 1028-A5 and SB 1028-A6 amendments, both dated 9-7-02 (EXHIBITS A, B). Emphasizes the -A5 amendments. Asks for testimony.
012	Jim Green	Oregon School Boards Association. Discusses parts of -A5 amendments recommended by public employers. Discusses the eight percent guarantee, and payment of earnings after the deficit is repaid. Recommends parameters for new system, especially portability of retirement accounts. Discusses responsibility for damages if courts decide against the bill in a lawsuit.
069	Green	Continues discussing -A6 amendments. Recommends elimination of money match for new hires. Asks for ten year term for payback instead of five years.
137	Chair Beyer	Points out this Legislature cannot bind the next Legislature. Explains the -A5 amendments say that there will be a new system, and the -A6 amendments establish a third tier.
150	Green	Explains more about ramifications of -A6 amendments.
173	Chair Beyer	Discusses the -A5 amendments and legislative intent.
181	Brian DeLashmutt	Oregon Nurses Association, Oregon Council of Police Associations, Association of Oregon Corrections Employees, Federation of Oregon Parole and Probation Officers, PERS Coalition. Testifies in opposition to the -A5 and -A6 amendments. Clarifies there have been three years of negative earnings but not three years of deficit. Opposes ending the system without establishment of a new system. Expresses concern that the Public Employees Retirement System (PERS) problems are dissuading public employment.
220	Dallas Weyand	

		Legislative Fiscal Office. Presents fiscal statement on SB 1028-A2 amendments (EXHIBIT C), which is substantially the same as for the -A5 and -A6 amendments. Clarifies the -A6 amendments add processing costs by adding Tier 3 and keeping everything in the existing PERS system, while the -A5 amendments allow a new plan outside of PERS.
254	Chair Beyer	Asks about changing payback from five to ten years.
257	Steve Delaney	PERS Legislative Liaison. Discusses payback of deficit accounts and re-funding of gain-loss reserves.
294	Dave Heynderickx	Legislative Counsel. Refers to page 3 of SB 1028-A5 amendments. Describes prerequisites for earnings in excess of assumed rate and raises questions about what would happen after five years in a deficit.
337	Chair Beyer	Refers to Section 3 of the SB 1028-A5 amendments, and asks for language to reference what this Legislature anticipates would be the structure of the successor plan.
350	Sen. Deckert	Comments that doing reform in pieces produced unintended consequences. Asks whether the existing task forces are in a better position to make comprehensive changes.
377	Delaney	Discusses the many changes to PERS by the Legislature over the years. Confirms PERS will continue to administer whatever system the Legislature chooses.
385	Sen. Deckert	Asks whether the Attorney General has reviewed the amendments.
390	Heynderickx	Responds no.
400	Chair Beyer	Recesses the committee at 9:50 a.m. to review amendments.
405	Chair Beyer	Reconvenes at 10:05 a.m. Decides to have more changes made to the bill by Legislative Counsel before voting.
410	Chair Beyer	Adjourns the meeting at 10:06 a.m.

Submitted By,

Reviewed By,

Patricia Nielsen,
Committee Assistant

Cara Filsinger,
Committee Administrator

EXHIBIT SUMMARY

A – SB 1028-A5 amendments dated 9-7-02, staff, 12 pp

B – SB 1028-A6 amendments dated 9-7-02, staff, 14 pp

C – SB 1028-A2 fiscal impact statement, staff, 2 pp