

**SENATE COMMITTEE ON BUSINESS, LABOR AND ECONOMIC
DEVELOPMENT**

January 29, 2001 Hearing Room C
3:00 PM Tapes 11 - 12

MEMBERS PRESENT: **Sen. Roger Beyer, Chair**
 Sen. Avel Gordly, Vice-Chair
 Sen. Jason Atkinson
 Sen. Tony Corcoran
 Sen. Ryan Deckert
 Sen. Steve Harper
 Sen. Charles Starr

STAFF PRESENT: **Keith Putman, Committee Administrator**
 Pam Brunell, Committee Assistant

MEASURE/ISSUES HEARD: **Possible Introduction of Committee Bills**
 Public Employee Retirement System Overview
 SJM 2 – Public Hearing and Possible Work Session
 SB 240 – Public Hearing and Possible Work Session

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 11, A		
003	Chair Beyer	Calls the committee to order at 3:00 PM.
INTRODUCTION OF COMMITTEE BILLS		
010	Sen. Atkinson	MOTION: Moves LC 1696 BE INTRODUCED as a committee bill.
		VOTE: 7-0
	Chair Beyer	Hearing no objection, declares the motion CARRIED.
020	Chair Beyer	Opens public hearing on SJM 2.
SJM 2 - PUBLIC HEARING		
023	Sen. Gordly	Presents and explains SJM 2.
060	Margaret Gribskov	Economic Justice Action Group, First Unitarian Church. Testifies for SJM 2 (EXHIBIT A).
130	Brent Foster	Attorney, Portland. Supports SJM 2 with submitted testimony (EXHIBIT B).
180	Foster	Continues explaining the results of North American Free Trade Agreement (EXHIBIT C).
250	Sen. Corcoran	Inquires about the scope of examples.
255	Foster	Replies that the Multilateral Agreement on Investments (MAI) and World Trade Organization (WTO) come in conflict with a number of United States laws dealing with imports and protection of wildlife.
310	Dolores Hurtado	Alliance for Democracy. Testifies for SJM 2 (EXHIBIT D).
444	Lynn-Marie Crider	Research and Education Director, Oregon AFL-CIO. Testifies in support of SJM 2 (EXHIBIT E).
TAPE 12, A		
050	Ray Lewis	Co-Chair of the Economic Justice Action Group, First Unitarian

050 Church. Testifies on SJM 2 (**EXHIBIT F**).
 Staff submits written testimony of Christine Coffelt Frost in support of SJM 2 (**EXHIBIT G**).
 090 Sen. Gordly Reiterates the facts of various trade agreements and the needs of the state.
 120 Chair Beyer Closes public hearing on SJM 2 and opens public hearing on SB 240.

SB 240 – PUBLIC HEARING

130 Keith Putman Explains SB 240.
 140 Tim Martinez Vice President, Government Relations, Oregon Banking Association.
 169 Chair Beyer Submits testimony for SB 240 (**EXHIBIT H**).
 Closes public hearing on SB 240 and opens work session on SB 240.

SB 240 – WORK SESSION

175 Sen. Starr **MOTION: Moves SB 240 to the floor with a DO PASS recommendation.**

VOTE: 6-0

EXCUSED: 1 - Gordly

Hearing no objection, declares the motion CARRIED.

SEN. STARR will lead discussion on the floor.

180 Chair Beyer Closes work session on SB 240.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

190 James Voytko Executive Director, Public Employees Retirement System (PERS). Introduces and explains PERS program and function and scope.
 247 Steve Delaney Legislative Liaison, PERS. Explains Money Match (**EXHIBIT I**).
 284 Voytko Explains the tiers and the complexity.
 311 Delaney Points out that PERS controls the agreements between participating organizations and Social Security.
 390 Chair Beyer Asks for information on which organizations are opted out of Social Security.
 408 Voytko Continues with fiduciary amounts and relates sound financial footing.

TAPE 11, B

010 Voytko Clarifies PERS as a fee-for-service agency.
 041 Voytko Establishes status improvement from 92 percent to 98 percent.
 063 Keith Putman Asks about rate fluctuations.
 068 Voytko Replies that the tiers and individual entities are assayed separately. (Frequently Asked Questions, Page 19)(**EXHIBIT I**).
 284 Voytko Discusses factors affecting legislative changes in PERS' Statues:

- Oregon Supreme Court's interpretation of State Constitution.
- Realities of the financial markets.
- Realities of the actuarial finance.
- Realities of public sector budgets.
- IRS requirements for tax qualifications.
- Administrative cost and complexity.

TAPE 12, B

052

Voytko

- Views of stakeholder groups and the public.

Addresses the Money Match rules:

- Defined benefit vs. defined contribution.
- Money March is a “hybrid” plan.
- Liabilities are indeterminate.
- Ninety-five percent of PERS members currently retire under Money Match.

105

Delaney

- Critical that employers’ assets exceed employee assets.

Explains the pooling, sharing of risks of adverse experience. The board will have a meeting February 13th to format plans.

180

Voytko

Explains the Oregon Pension Administration System (OPAS) Project to replace the technology base of the agency and reengineer agency processes.

300

Chair Beyer

Adjourns the meeting at 4:55 PM.

Submitted By,

Reviewed By,

Pam Brunell
Committee Assistant

Keith Putman,
Committee Administrator

EXHIBIT SUMMARY

A – SJM 2, written testimony, Margaret Gridskov, 1 p.

B – SJM 2, written testimony, Brent Foster, 1 p.

C – SJM 2, written material, Brent Foster, 4 pp.

D – SJM 2, written material, Dolores Hurtado, 2 pp.

E – SJM 2, written testimony, Lynn-Marie Crider, 4pp.

F – SJM 2, written testimony, Ray Lewis,

G – SJM 2, written testimony, Christine Coffelt Frost, 1p.

H – SB 240, written testimony, Tim Martinez, 1 p.

I – Informational written material, James Voytko, 66 pp.