

HOUSE COMMITTEE ON  
GENERAL GOVERNMENT AND REGULATORY REFORM

April 14, 1995 Hearing Room 357  
1:00 pm Tapes 96 - 98

MEMBERS PRESENT:

Rep. Bob Tiernan, Chair  
Rep. Mike Lehman, Vice Chair  
Rep. Jerry Grisham  
Rep. Cedric Hayden  
Rep. Bryan Johnston (Arrival: 1:30 pm)  
Rep. Bill Markham  
Rep. Lonnie Roberts  
Rep. Barbara Ross  
Rep. Charles Starr  
Rep. Ken Strobeck  
Rep. Sharon Wylie

MEMBER EXCUSED: Rep. Bev Clarno

STAFF PRESENT:

Greg Moore, Committee Counsel  
Kay C. Shaw, Committee Assistant

MEASURES HEARD: HB 2314 - Public Hearing  
HB 2438 - Public Hearing & Work Session

HB 3274 - Public Hearing  
HB 3395 - Public Hearing  
HB 3365 - Public Hearing  
HB 3260 - Public Hearing  
HB 3367 - Public Hearing  
HB 3434 - Public Hearing  
HB 3413 - Public Hearing  
HB 3324 - Public Hearing

These minutes contain materials which paraphrase and/or summarize  
statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings,  
please refer to the tapes.

TAPE 96, A

006 CHAIR TIERNAN: Calls the meeting to order at 1:14 pm. REP. CLARNO is  
EXCUSED. REP. JOHNSTON is ABSENT.  
> Announcements.

CHAIR TIERNAN: Opens the public hearing on HB 3260

HB 3260 - PUBLIC HEARING

GREG MOORE, Committee Counsel: Preliminary Staff Measure Summary is hereby  
made a part of these Minutes (EXHIBIT A).

017 CHAIR TIERNAN: Closes public hearing on HB 3260 and opens public  
hearing on HB \_3434.

HB 3434 - PUBLIC HEARING

GREG MOORE, Committee Counsel: Preliminary Staff Measure Summary is hereby  
made a part of these Minutes (EXHIBIT B).

032 CHAIR TIERNAN: Closes public hearing on HB 3434 and opens public  
hearing on HB \_3413.

HB 3413 - PUBLIC HEARING

Witness: Rep. Lonnie Roberts (D - District 21)

GREG MOORE, Committee Counsel: The Preliminary Staff Measure Summary is  
hereby made a part of these Minutes (EXHIBIT C).

038 REP. LONNIE ROBERTS: Testifies in support of HB 3413.  
> Describes the trouble in the area of translators/interpreters.  
> Says the people from the World Trade Center (Portland), etc. are  
interested in the bill and see a great need for such legislation.

CHAIR TIERNAN: Closes public hearing on HB 3413 and opens public hearing  
on HB \_3324.

HB 3324 - PUBLIC HEARING

GREG MOORE, Committee Counsel: Preliminary Staff Measure Summary is hereby  
made a part of these Minutes (EXHIBIT D).

070 CHAIR TIERNAN: Closes public hearing on HB 3324 and opens public  
hearing on HB 2314.

HB 2314 - PUBLIC HEARING

Witnesses: Rep. Kevin Mannix (D - District 32)  
Mrs. Virginia Felton, Friends of Pioneer Cemetery  
Blaine Kuhn, Salem Pioneer Cemetery  
Mrs. Jean Gentry, Oregon Historic Cemeteries Association  
Christopher Rumbaugh (Salem)  
Lucinda J. Potter, State Mortuary & Cemetery Board  
James M. Hamrick, State Historic Preservation Officer, Oregon Parks and  
Recreation Department  
Lucinda Potter, Oregon State Mortuary and Cemetery Board

GREG MOORE, Committee Counsel: Preliminary Staff Measure Summary is hereby  
made a part of these Minutes (EXHIBIT E).

REP. KEVIN MANNIX (D - District 32): Testifies in support of HB 2314.  
Submits HB 2314-1 amendments (EXHIBIT F). Explains that the Pioneer  
Cemetery Commission would be staffed out of the Department of  
Administrative Services.

MRS. VIRGINIA FELTON, Chair, Friends of Pioneer Cemetery: Testifies in  
support of HB 2314.  
> Introductory remarks.  
> Comments about raising funds from the public, volunteers, etc.; however,  
there is a need for a more permanent solution for the preservation of this  
cemetery.

085 BLAINE KUHN, Salem Pioneer Cemetery: Testifies in support of HB 2314.  
Explains concern about Pioneer Cemetery and other pioneer cemeteries  
throughout the state that are operating individually.

MRS. JEAN GENTRY, President, Oregon Historic Cemeteries Association:  
Testifies in support of HB 2314.  
> Explains weekly contacts from people who are involved in caring for  
historic cemeteries and who ask for help.  
> States there are over 3,000 historic cemeteries in the State of Oregon,  
all of which need help. > Refers to annual meeting held in March and the  
unanimous vote to support HB 2314.

108 CHRISTOPHER RUMBAUGH (Salem): Testifies in support of HB 2314. Submits  
(EXHIBIT\_G). Comments about participation in Salem Pioneer Cemetery and  
Oregon Historic Cemetery Association. Emphasizes the importance of  
preserving monuments to the people who made the State of Oregon great.

REP. MANNIX: Explains the importance of a commission.

136 CHAIR TIERNAN: Is it correct this will provide a locating and  
preservation system?

MRS. GENTRY: Yes.

141 REP. GRISHAM: Why not the Oregon Historical Society?

MRS. GENTRY: The Oregon Historic Cemeteries Association is an affiliate of  
the Oregon Historical Society that helps with that function.

REP. MANNIX: A commission will be able to return to the legislature with  
recommendations for legislation to help protect pioneer cemeteries. The  
organization, as a nonprofit, is not allowed to propose those matters.

REP. GRISHAM: Understands that over the years many of these locations,  
especially the smaller cemeteries, really need to be kept confidential in  
order to protect them. Is that something that you plan to cover?

MRS. GENTRY: Yes.

JAMES M. HAMRICK, Deputy, State Historic Preservation Officer, Oregon Parks

and Recreation Department: Submits prepared testimony in support of HB  
2314 (EXHIBIT H).

LUCINDA POTTER, Executive Director, Oregon State Mortuary and Cemetery  
Board: Submits prepared testimony in support of HB 2314 (EXHIBIT I).

189 CHAIR TIERNAN: Closes public hearing on HB 2314 and opens public  
hearing on HB 3324.

HB 3324 - PUBLIC HEARING

Witness: Rep. Sharon Wylie (D - District 22)

REP. SHARON WYLIE: Submits prepared testimony in support of HB 3324  
(EXHIBIT J) and introduces HB 3324:  
> Provides background about participation on task force after the last  
legislative session to look at issues related to historic resources  
throughout the state.  
> Explains the intent of the bill is to setup a citizens' commission within  
the Parks Department where most of the state historic activities take  
place.

223 CHAIR TIERNAN: Closes public hearing on HB 3324 and opens public  
hearing on HB 3395.

HB 3395 - PUBLIC HEARING

Witnesses: John C. Ramig of Lindsay, Hart, Neil & Weigler (Portland)

GREG MOORE, Committee Counsel: The Preliminary Staff Measure Summary and HB\_3395-1 amendments are hereby made a part of these Minutes (EXHIBIT K).

234 CHAIR TIERNAN: Reviews HB 3395.

242 JOHN C. RAMIG, Attorney, Lindsay, Hart, Neil & Weigler (Portland) (representing VALIC - Variable Annuity Life Insurance Company): Testifies on HB 3395.

> Introductory comments.  
> Says HB 3395-1 amendments are a product of considerable discussion between a number of affected interests, including the State System of Higher Education and the Associated Oregon Faculties, as well as regular contacts with the Public Employes Retirement System.  
> Unaware of anyone who opposes the amendments.  
> Introduces Ted Kennedy.  
> Suggests consideration of a couple of technical changes to HB 3395-1 amendments:  
Page 1, Line 6, delete "ORS 237.199 to 237.291" and insert "ORS chapter 243".  
Page 3, Line 24, delete "ORS 237.109" and insert "ORS 237.111".

REP. JOHNSTON: Arrives at 1: 30 pm.

295 TED G. KENNEDY, Government Affairs Department of Variable Annuity Life Insurance Company (VALIC): Testifies from prepared testimony in support of HB 3395. Submits (EXHIBIT L).

> Introductory comments.  
> Describes the key component to an optional retirement program as the issue of portability.

345 > Discusses benefits to employees:  
- Freedom of Choice  
- Investment Flexibility  
- Cash Value Accumulation.

373 > Discusses benefits to the state:  
- Reduced Administrative Costs  
- Ease of Administration  
- Limited Fiduciary Responsibility.

408 REP. ROBERTS: You say that a carrier that has significant exposure on the national market enhances the portability issue which is the hallmark of this ORP plan. What about a global market and are you talking about investments to ensure retirement?

MR. KENNEDY: Opines that on the issue of portability the key is carriers.

TAPE 97, A

006 MR. KENNEDY: Continues testimony:  
> Gives summation.

CHAIR TIERNAN: How many other states are actually signed up on this plan?

MR. KENNEDY: A total of 42 states have optional retirement programs.

CHAIR TIERNAN: How many institutions, colleges have these optional programs?

MR. KENNEDY: Regarding institutions, VALIC represents over one-third of the colleges and universities throughout the nation.

CHAIR TIERNAN: If a professor selects the option and the state makes the payment and they become a member of the system, is it correct that the state is no longer obligated for any liability regarding that plan?

MR. KENNEDY: That's correct.

CHAIR TIERNAN: An employee, who is not now working for the state, but has 10 years vested in PERS and has the option of maintaining that 10 years in PERS, now also may opt to go with the VALIC optional retirement. Is it correct that the employee essentially would have two retirement plans?

MR. KENNEDY: That's right.

CHAIR TIERNAN: The employee could also choose to take that 10 years and "roll it in" to VALIC and, therefore, have the benefit of all the 10 years of the defined contribution and whatever years that employee intends to work in the future.

MR. KENNEDY: It has been done both ways in various states.

REP. ROBERTS: Restates the statement about the employee having two retirement plans. In essence, the employee would have two halves, because people perceive there is "double dipping" when there is talk about two retirement plans.

035 CHAIR TIERNAN: The employee would be a member of PERS or a retirement plan and be receiving some retirement benefit for that, but the employee will also have a number of years in a defined contribution benefit plus the benefit of that. There will be one retirement portfolio.

MR. RAMIG: Attempts to clarify the issue. Under the HB 3395-1 amendments, employees who are vested in the existing system, as well as new employees, would be given a choice as to how that employee would like their retirement

handled -- the employee can choose to stay in PERS or the employee can choose to go to the alternative plan. If the employee goes to the alternative plan, that employee could take whatever funds they could currently take out of PERS, put that into the new plan, or alternatively, if the employee doesn't have something in PERS now, the employee could at the start opt into the optional plan. It is designed as something that is a choice for an employee where an employee can evaluate what that employee thinks is the best alternative for them. Anyone who is currently vested in

PERS would be foolish to take out an optional retirement plan, because the existing system is very strong. It would be reasonable in principle for "new hires" or "someone who presently is not vested in the PERS system."

CHAIR TIERNAN: Requests a restatement of why an employee perhaps would not choose to take 15 years out of PERS versus starting this brand new?

054 MR. RAMIG: The defined benefit plan currently offered by PERS is a very strong plan and any carrier would be hard pressed to match that at the current levels of funding.

CHAIR TIERNAN: Basically the returns on the money put in is not going to be matched or even come close. Once an employee withdraws his money from PERS and puts it into the flexible plan, that employee is "forever barred and their status in PERS is over."

MR. RAMIG: That's right.

CHAIR TIERNAN: Is it correct that if the employee decides to opt out of the flexible plan, the employee would have to start back in PERS brand new?

MR. RAMIG: Yes, it is a one time irrevocable election.

CHAIR TIERNAN: The overall purpose of the plan is to allow flexibility at the university level so that employees who have a pension plan and, as a consideration for them to move to another institution, do not have to lose that pension plan if the employee continues to build it at another school.

MR. RAMIG: That's the principal benefit and it is particularly important in a state such as Oregon where faculty salaries are relatively low in comparison to other states. The retirement benefits are a major issue considered by faculty and HB 3395-1 amendments would allow someone from another state to make a decision on Oregon based on a total package as opposed to having that decision somehow skewed by retirement benefits.

CHAIR TIERNAN: Closes public hearing on HB 3395 and reopens public hearing HB 3434.

HB 3434 - PUBLIC HEARING

Witnesses: Rep. Bob Montgomery (R - District 56)  
Greg Fritts, Portland Mountain Rescue  
Lloyd F. Athearn

101 REP. BOB MONTGOMERY (R - District 56): Introduces HB 3434. Testifies that the main reason for the bill is to assist local communities in finding

people that are lost up on the mountain. If a person has a signaling device, there will be no problem with search and rescue teams going up and getting that person. However, if the person doesn't have a signaling device, there will still be no problem getting the person, but when they do find the person there will be a \$5,000 fine charged or whatever is the cost of the search. It is not mandatory that a person carry a signaling device; however, it will cost money if the person gets lost.

115 GREG FRITTS, Vice President, Portland Mountain Rescue (an all-volunteer group of 43 active people that provide search and rescue services): Testifies from prepared testimony in opposition to HB 3434 as proposed. Submits (EXHIBIT M).

> Introductory comments.

> Opines there is a better way to handle the issue. This bill is punitive and will probably cause at least as many problems as it solves. Would support a broader funding mechanism whereby every user who goes out into a wilderness area would contribute to this fund.

> Says there is no statistical proof that climbers constitute the majority of searches and cost. The bill singles out climbers.

> Cites Clackamas County Sheriff's report on searches. Clackamas County has the most searches in any county of the state. Over a three-year period

there have been 55 reported cases and climbers constituted 10 percent of those searches.

> Opposes tying cost recovery to mandatory equipment -- technology does not substitute for good judgment/experience.

> Summarizes that legislation that creates a statewide, stable funding mechanism for all search and rescue is appropriate and that all outdoor users should contribute. Legislation that singles out climbers is inappropriate and bad policy.

CHAIR TIERNAN: Points out that the bill includes climbers and wilderness travelers.

MR. FRITTS: Agrees, but adds that the intent of the bill is basically to single out climbers. Says the term "wilderness traveler" is ambiguous.

188 LLOYD F. ATHEARN, Legislative Liaison, Oregon Health Division  
(Portland). Testifies as a climber and involvement in Mazamas Club  
(Portland). Submits prepared testimony (EXHIBIT N).  
> FOR THE RECORD: The Mazamas Club has not taken a position on the bill.  
> Gives background with the Mazamas Club.  
> Says the Clackamas County information is replicated in every other park  
situation throughout the country.  
> Explains data about the National Park Service's consideration of climbing

fees, etc. in 1992 and that the park service spent \$3 Million to conduct  
4,296 rescues system-wide of which 17 percent were from boaters, 36 percent

were from hikers, 12 percent were from swimmers and only 7 percent were for  
climbers.

> Discusses the problems with the bill (Page 2), and specifically what is  
the definition of "traveler" and that the \$5,000 fee is excessive.

213 REP. MONTGOMERY: Gives closing comments:  
Sheriffs of Wasco and Hood River counties totally support the bill.  
Disappointed by lack of support to local governments with smaller budgets  
to recoup some of the money "from people that go up there and act like a  
bunch of fools and that's all this is after."

224 REP. ROBERTS: When you go out and conduct a rescue, do you use search  
dogs?

MR. FRITTS: No, however, search dogs are an available resource.

228 REP. GRISHAM: Why did the climbers refuse to take signaling devices?

MR. FRITTS: Doesn't know. It would have been preferable if climbers did  
use signaling devices.

LLOYD ATHEARN: Says the Mazamas Club actively encourages climbers to use  
signaling devices when climbing Mt. Hood. Talks about the perception that  
technology overcomes all situations.

REP. MONTGOMERY: Comments that a user with a defective signaling device  
shouldn't be required to pay the fine; however, users must show some  
responsibility.

251 CHAIR TIERNAN: Closes public hearing on HB 3434 and opens public  
hearing on HB 2438.

HB 2438 - PUBLIC HEARING

Witnesses: Robert R. Cantine, Association of Oregon Counties  
Col. Don Holden  
Rep. Lisa Naito (D - District 15)

GREG MOORE, Committee Counsel: The Preliminary Staff Measure Summary and  
HB \_2438-1 amendments are hereby made a part of these Minutes (EXHIBIT O).

CHAIR TIERNAN: Introductory comments about HB 2438.

259 ROBERT R. CANTINE, Association of Oregon Counties: Testifies on HB  
2438.

> Comments about HB 2438-1 amendments that extends the provision on how a  
pay raise is granted to all local elected officials and specifically  
states:  
Way salaries for elected officials are determined is variable among the  
counties.  
Important to recognize that some elected officials are full-time employees.  
> Encourages a review of the statutory provisions and how those statutes  
fit with this bill.

CHAIR TIERNAN: Do you think it is a good idea?

MR. CANTINE: No problem with the bill from a philosophical sense. Points  
out that counties do different things and is unsure how county charters fit  
into the issue.

CHAIR TIERNAN: Are you objecting to HB 2438 on behalf of some counties?

MR. CANTINE: Some counties may object.

CHAIR TIERNAN: Opines "this action would supersede their charter."

310 COL. DON HOLDEN: Testifies in support of HB 2438.

> Introductory comments.  
> Points out that it is unconstitutional in the State of Washington for  
county, city and municipal officers to increase their salaries during their  
current term of office and they must "stand for reelection before it's  
effective."

> Quotes James Madison that "there is a seeming impropriety when elected  
public officials put their hands in the public coffers to put money in  
their own pockets."

334 CHAIR TIERNAN: Do you have any comments about whether or not all  
elected officials in Oregon should be covered by this?

COL. HOLDEN: Yes, they should be covered. Mentions serving on Governor  
McCall's Task Force '70s, a group from the private sector that reviewed  
state government and education.

360 CHAIR TIERNAN: Explains objection to the original HB 2438, Lines 16 -  
18, and proposes eliminating language:

> About COLAs (cost of living increases)  
> That ties salary increases to some other public official.

385 CHAIR TIERNAN: Where are Lines 16 - 18 in the amendments?

COUNSEL MOORE: At Page 1, Lines 20 - 21, and Page 2, Lines 13 - 14 -- just at the end of each bold paragraph.

CHAIR TIERNAN: Mentions that the line was taken out in the amendment that says "increases in salaries for other public offices on which legislative salaries are based." Is that anywhere else in this amendment?

COUNSEL MOORE: No, all that remains is the language about COLAs.

CHAIR TIERNAN: Suggests removing all language about COLAs in the amendments.

COUNSEL MOORE: Opines that specifically the last sentence in each of the bold paragraphs should be removed; however, nothing in the section applies to cost of living adjustments.

CHAIR TIERNAN: Discusses whether or not to go into work session.

TAPE 96, B

010 REP. LISA NAITO (D - District 15): Testifies in support of HB 2438. Submits prepared testimony (EXHIBIT P).

> Explains the intent of the amendments was to include all elected officials.  
> Says it was not the intent to delete in the amendments the provisions about when a salary is automatically adjusted based on some other outside force. Supports putting that language back in.  
> States the main goal is about when the elected officials themselves are voting on their own salaries.

021 REP. ROBERTS: Refers to page 2 of HB 2438-1 amendments beginning with Line 21. Points out the problem, especially in the legislature, concerning a salary increase that cannot be accepted until the legislator runs for the next election. What happens in a situation where, due to staggered terms, some legislators are at different pay for doing the same job?

030 COL. HOLDEN: Refers to the situation in Clark County -- staggered terms. There is no problem, because a resolution is passed before each election that sets salaries for the next four years. Those legislators who come in a staggered term are picked up after the fifth year.

REP. NAITO: Explains there may be people at different levels, because their term hasn't come up.

REP. ROBERTS: Opines different pay levels will be created for doing the same work.

REP. NAITO: There will be different levels; however, the idea is that the legislator will know what is the pay at that level when running for an office. Any inequity will not be to the individual who ran for that office.

REP. ROSS: Refers to testimony in opposition from counties. Did you intend for this to affect all local elected officials, including county commissioners?

REP. NAITO: Yes. Explains that when the bill was originally introduced there was a problem in a county with a raise in the pay level -- voters there mistrusted the elected officials when voters elected someone to run for office and then immediately there was talk about raising the salary (i.e., a problem of public trust).

058 CHAIR TIERNAN: Closes public hearing on HB 2438 and opens work session on HB 2438.

HB 2438 - WORK SESSION

REP. ROSS: If counties were asked, some counties would strongly object. Opines this will create a problem for some counties and county commissioners; some people will feel the state has come in and over-regulated them. Intends to vote "aye."

079 REP. JOHNSTON: Explains intent to vote "no." Opines it will create a situation where it is more of a problem in perspective, because salaries are going to be raised in the six months before elections to take place in the period of the next term. Seems unfair and most counties have created a mechanism to avoid this situation by going to compensation committees made up of citizens.

099 REP. WYLIE: States mixed feelings about the issue. The idea of trying to win back public trust is good, but unsure this builds trust.

133 REP. STROBECK: Opines it is a "decent idea"; however, there is a distinction between those hired by the voters to be full-time, dedicated to a particular position, versus legislators on a part-time, temporary basis.

No problem with the bill insofar as the legislative level and possibly at the city-county level if the part about the cost of living was left in.

Supports HB 2438-1 amendments with the inclusion of the sentence that says "nothing applies to cost of living."

168 MOTION: CHAIR TIERNAN moves to amend HB 2438, assess the fiscal is going to change and the proposed amendments are going to be simple and straightforward/easily understood.

not

CHAIR TIERNAN: Calls for the vote of all present and hearing no objections declares the MOTION PASSED. REP. CLARNO is EXCUSED. REP. LEHMAN is ABSENT.

176 MOTION: CHAIR TIERNAN moves to delete the words and phrases of "cost of living adjustments" where they are found throughout HB 2438-1 amendments on

pages 1, 2 and 3 in every subsection at the end of the bold lettering, the last sentence.

REP. ROSS: This amendment deletes "cost of living." Intends to vote "no," because county commissioners who work full-time, are dedicated and good quality employees deserve a cost of living raise.

VOTE: In a roll call vote, REPS. GRISHAM, HAYDEN, MARKHAM, STARR and CHAIR TIERNAN vote AYE. REPS. JOHNSTON, ROSS, STROBECK and WYLIE votes NAY. REP. CLARNO is EXCUSED. REPS. LEHMAN and ROBERTS are ABSENT.

CHAIR TIERNAN: Declares the MOTION FAILED.

210 MOTION: REP. WYLIE moves to amend HB 2438 to apply only to state government.

213 CHAIR TIERNAN restates the motion to strike all reference to other governmental sub-bodies and make it only apply to the state legislature.

CHAIR TIERNAN: Calls for discussion.

REP. HAYDEN: Will Rep. Wylie entertain the motion to reinstate the COLA if it applies only to state officials?

REP. WYLIE: We don't have a COLA now, do we?

REP. HAYDEN: Thought it was in there (i.e., step increases).

REP. STROBECK: It is still in, because the motion to delete was defeated.

REP. WYLIE: If it only applies to legislators, I would be willing to get rid of the COLAs and would support the other motion by Chair Tiernan about tying the salary to another category of employees' salaries so legislators'

salaries would always be looked at on their merits or on its merits for what the job is.

CHAIR TIERNAN: Clarifies that the motion is basically limited to the legislature.

240 VOTE: In a roll call vote, REPS. HAYDEN, JOHNSTON, MARKHAM, ROSS, and CHAIR TIERNAN vote AYE. REPS. GRISHAM, STARR and STROBECK vote NAY. REP. CLARNO is EXCUSED. REPS. LEHMAN and ROBERTS are ABSENT.

CHAIR TIERNAN: Declares the MOTION FAILED.

263 MOTION: REP. STROBECK moves HB 2438-1 amendments as written to the Floor with a DO PASS recommendation.

CHAIR TIERNAN: Calls for further discussion.

REP. HAYDEN: This would take in all elected officials, including local and all elected officials would continue to receive COLAs?

CHAIR TIERNAN: Correct.

REP. STROBECK: That was part of the salary package when they were elected.

VOTE: In a roll call vote, REPS. HAYDEN, JOHNSTON, ROSS, STARR, STROBECK and WYLIE vote AYE. REPS. MARKHAM, GRISHAM and CHAIR TIERNAN vote NAY. REP. CLARNO is EXCUSED. REPS. LEHMAN and ROBERTS are ABSENT.

CHAIR TIERNAN: Declares the MOTION FAILED.

295 CHAIR TIERNAN: Closes the work session on HB 2438.

322 REP. WYLIE: Talks about experience with cost of living increases for elected officials in cities and counties.

CHAIR TIERNAN: Explains that COLAs are automatic based on the cost of living indexes and that it doesn't require anybody doing anything.

354 REP. STROBECK: Comments about cost of living adjustments at a particular rate and that it is important to remember in passing legislation

that it is not just about this year or next, but rather about legislation that could be in effect for decades. There have been periods of tremendously high or low inflation. Opines saying that "employees get a 3 percent cost of living adjustment" and that it is not an unreasonable provision to allow a cost of living increase to continue to be granted when

that is part of the package and even though inflation maybe running at 10 percent.

375 CHAIR TIERNAN: Opens public hearing on HB 3274.

HB 3274 - PUBLIC HEARING

Witnesses: Gordon Miller, International Data Exchange, Inc.  
Mari Anne Gest, Oregon Public Employees Union/Local 503

GREG MOORE, Committee Counsel: Preliminary Staff Measure Summary is hereby made a part of these Minutes (EXHIBIT Q).

CHAIR TIERNAN: Provides a brief summary of the bill.

GORDON MILLER, International Data Exchange, Inc.: Testifies from prepared testimony in support of HB 3274. Submits (EXHIBIT R).  
> Introductory comments.  
> Discusses total remuneration.

TAPE 97, B

016 CHAIR TIERNAN: Suggests reviewing the chart (Exhibit R, Page 3) about total compensation.

023 MR. MILLER: Mentions this will help in the collective bargaining issue, because there are only two areas to collective bargain (i.e., total remuneration and working conditions).

REP. WYLIE: What about all of the positions where clothing or equipment allowance is not appropriate since that is not common to all positions?

MR. MILLER: Restates the question as "What happens if there's certain areas where benefits are not included in certain types of work?"

REP. WYLIE: The bill, as stated, has a whole list of everything that must be included as part of the total compensation packet. There are some things

in that list that are necessary to do the job and that are commonly provided by the employer, but only in very narrow ranges of occupations (e.g., safety boots). Why would that be included in the list if it is not common to all positions?

MR. MILLER: Explains the reason it is included.

MARI ANNE GEST, Oregon Public Employees Union/Local 503: Testifies in opposition to HB 3274 and submits (EXHIBIT S) (see Tape 98, A at 92).

CHAIR TIERNAN: Closes the public hearing on HB 3274 and opens public hearing on HB 3365 and HB 3367.

HB 3365 and HB 3367 - PUBLIC HEARING

Witnesses: Jim McIntosh, Department of Administrative Services  
Rich Peppers, Oregon Public Employees Union/Local 503 (OPEU)  
Ken L. Allen, American Federation of State, County and Municipal

(AFSCME)

GREG MOORE, Committee Counsel: Submits HB 3365-1 amendments (EXHIBIT T).

GREG MOORE, Committee Counsel: Preliminary Staff Measure Summary on HB 3367 and HB 3367-1 amendments are hereby made a part of these Minutes (EXHIBIT U).

060 JIM MCINTOSH, Department of Administrative Services: Introduction.

CHAIR TIERNAN: Asks whether or not he will explain HB 3365 and HB 3367.

MR. MCINTOSH: Testifies about DAS' perceptions about what HB 3365 and HB 3367 will do:  
> HB 3365 changes the structure of the merit pay system to remove the merit

steps and movement through the range would be based on assessment of performance versus using the step progression which has customarily been related to longevity. Current merit pay system is structured with a minimum rate in a salary range and a maximum rate with step progression to move from minimum to the maximum rate. Additionally, HB 3365 permits merit

awards to individuals who are currently at the top of the salary range which is not permitted in the current structure.

CHAIR TIERNAN: Is it correct that HB 3365 gets rid of the automatic step increases and bases increases upon documented meritorious performance?

MR. MCINTOSH: That is correct.

CHAIR TIERNAN: Continues inquiry/discussion as follows:  
> Step increases  
> DAS' position on pay line exceptions  
> Definition of "pay line exception"  
> Paid time off  
> HB 3367.

161 MR. MCINTOSH: Provides DAS' perception about HB 3367 (i.e., it modifies

ORS 241.090 to create a shift from the current emphasis on the equity issues to market relationships).



CHAIR TIERNAN: Is it correct there is a five-day cash out at the end of each year?

MR. MCINTOSH: Yes.

222 REP. JOHNSTON: Requests that witness Mari Anne Gest be allowed to testify about HB 3264.

235 RICH PEPPERS, Oregon Public Employees Union/Local 503 (OPEU): Testifies in opposition to HB 3365 and HB 3367. Submits prepared testimony on HB 3260 (has similar provisions) and HB 3365 (EXHIBIT V).  
> Introductory comments.  
> FOR THE RECORD: OPEU opposes both HB 3365 and HB 3367.  
> Says this is a bargaining issue which should be dealt with at the bargaining table, the effect of these bills would further erode state worker pay relative to the market and the system proposed in HB 3365 would likely increase favoritism problems both real and perceived.  
> States the scope of bargaining is already being addressed in SB 750.

CHAIR TIERNAN: Inquires about step increases and merit system statutes.

294 MR. PEPPERS: Testifies about the pay erosion issue and the effect of automatic step increases in the state system. States the impact of step increases was only 1.4 percent.

CHAIR TIERNAN: Says Legislative Fiscal has "pegged" the impact of the step increase at 1.7 percent. Do you disagree?

MR. PEPPERS: Suggests there may be a difference in method of calculation.

CHAIR TIERNAN: Continues comments about the data provided by Legislative Fiscal.

333 KEN ALLEN, AFSCME: Legislative Fiscal's report analyzed all state employees and the OPEU facts would be just their bargaining unit.

MR. PEPPERS: Continues testifying:  
> Comments about the favoritism issue.  
> OPEU disagrees with the concept in Lines 18-21 of HB 3365.

364 CHAIR TIERNAN: Do you disagree with the Secretary of State's findings regarding pay line exceptions?

MR. PEPPERS: OPEU doesn't disagree with the factual finding of what is above or below market, but OPEU does disagree with the Secretary of State's conclusions.

CHAIR TIERNAN: Does OPEU disagree with Legislative Fiscal's similar conclusions?

MR. PEPPERS: There were problems with data used and the methodological approaches. Understands the Secretary of State has already agreed with some of OPEU's concerns/criticisms about the report.

407 KEN L. ALLEN, American Federation of State, County and Municipal Employees (AFSCME): Testifies on HB 3365:  
> Provides history of merit ratings and AFSCME's concerns.  
> AFSCME does not have a system of automatic increases.

TAPE 98, A

006 CHAIR TIERNAN: How many step increases were denied last year?

MR. ALLEN: Doesn't have that data.

CHAIR TIERNAN: Are you aware the proposal of HB 3365 is in place and working quite well at universities?

MR. ALLEN: AFSCME only represents the Oregon Health Sciences University.

CHAIR TIERNAN: It is among the classified and university personnel at Oregon State University and University of Oregon.

MR. ALLEN: Understands that it is only in place for management service employees and not represented employees.

CHAIR TIERNAN: Continues inquires about automatic step increases.

MR. ALLEN: Step increases of a five- or six-step system are much more common in the public sector than in the private sector.

038 MR. PEPPERS: Adds to Witness Allen's comments about the reason for step increases in the state or public system in general.

> FOR THE RECORD: OPEU objects to HB 3365-1 amendments.  
054 > Points out the problems with the proposal:  
Formula would cause OPEU to lose about 40 hours in the state bargaining unit  
There would be a lowering of threshold or benefit level  
Collective bargaining issue that should undergo collective bargaining and this would eliminate the opportunity for "trade offs".  
Moves legislature further into micromanagement of overall state compensation plans.

CHAIR TIERNAN: Wouldn't it be appropriate for the legislature to act if

the bargaining unit hasn't done a good job or the system is too generous?

075 MR. ALLEN: AFSCME has no problem with the legislature deciding about good public policy to encourage benefit packages that look like paid time off benefit packages, but when the legislature is so specific in setting the amount of hours and the structure, the realities of the differences in some of the agencies are lost when they need to be preserved in collective bargaining. Encourages not structuring something this restrictive.

092 MARI ANNE GEST, Oregon Public Employees Union/Local 503: Submits prepared testimony on HB 3274. Comments about the language in HB 3367-1 amendments.

CHAIR TIERNAN: Closes public hearing on HB 3365 and HB 3367.

CHAIR TIERNAN: Adjourns meeting at 3:12 pm.

Submitted by, Reviewed by,

Kay C. Shaw Gregory G. Moore  
Committee Assistant Committee Counsel

EXHIBIT SUMMARY:

A - Preliminary Staff Measure Summary on HB 3260 -- staff -- 3 Pages  
B - Preliminary Staff Measure Summary on HB 3434 -- staff -- 2 Pages  
C - Preliminary Staff Measure Summary on HB 3413 -- staff -- 2 Pages  
D - Preliminary Staff Measure Summary on HB 3324 -- staff -- 4 Pages  
E - Preliminary Staff Measure Summary on HB 2314 -- staff -- 3 Pages  
F - Proposed HB 2314-1 Amendments -- Rep. Kevin Mannix -- 1 Page  
G - Prepared Testimony on HB 2314 -- Christopher Rumbaugh -- 3 Pages  
H - Prepared Testimony on HB 2314 -- James M. Hamrick -- 1 Page  
I - Prepared Testimony on HB 2314 -- Lucinda Potter -- 1 Page  
J - Prepared Testimony on HB 3324 -- Rep. Sharon Wylie -- 2 Pages  
K - Preliminary Staff Measure Summary on HB 3395 and HB 3395-1 Amendments  
-- Staff  
-- 8 Pages  
L - Prepared Testimony on HB 3395 -- Ted G. Kennedy -- 4 Pages  
M - Prepared Testimony on HB 3434 -- Greg Fritts -- 9 Pages  
N - Prepared Testimony on HB 3434 -- Lloyd F. Athearn -- 4 Pages  
O - Preliminary Staff Measure Summary on HB 2438 and HB 2438-1 Amendments  
-- Staff  
-- 4 Pages  
P - Prepared Testimony on HB 2438 -- Rep. Lisa Naito -- 5 Pages  
Q - Preliminary Staff Measure Summary on HB 3274 -- Staff -- 2 Pages  
R - Prepared Testimony on HB 3274 -- Gordon Miller -- 3 Pages  
S - Prepared Testimony on HB 3274 -- Mari Anne Gest -- 2 Pages  
T - Proposed HB 3365-1 Amendments -- Staff -- 5 Pages  
U - Preliminary Staff Measure Summary on HB 3367 -- Staff -- 9 Pages  
V - Prepared Testimony on HB 3365 and HB 3367 -- Rich Peppers -- 2 Pages