

HOUSE COMMITTEE ON
LABOR

Hearing Room
Tapes - 11

MEMBERS PRESENT:

Rep. John Watt, Chair
Rep. Lee Beyer, Vice-Chair
Rep. Kate Brown
Rep. Chuck Carpenter
Rep. Mike Fahey
Rep. Lynn Lundquist
Rep. Lynn Snodgrass

STAFF PRESENT:

Aaron Felton, Committee Counsel
Paula Gilmer Purcell, Committee Assistant

MEASURES HEARD: Presentation by the Public Employes Retirement System
 Public Hearing on House Bill 2110

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 , A

02 CHAIR WATT: Brings meeting to order at 1:38pm.

 Presentation by the Public Employes Retirement System

10 FRED MCDONNAL, DIRECTOR OF THE PUBLIC EMPLOYES RETIREMENT SYSTEM:
Discussing the Oregon Benchmarks while referring to [EXHIBIT A]

23 Please refer to page three [EXHIBIT A] to see the services provided by the system.

36 There are not many benchmarks we can relate to.

40 We are preparing a survey.

58 Our mission is to provide opportunity for the employees (approximately 240,000) to have a good retirement.

64 He continues his discussion referring to [EXHIBIT A], page 6.

90 CHAIR WATT: Those numbers look pretty static, are those quarterly numbers?

91 MCDONNAL: Yes they are.

95 Retirements are at an all time high.

107 We try to provide their first retirement check within 30 days from retirement eighty percent of the time.

131 Many people must be canceled prior to retirement. This has increased due to Ballot Measure Eight.

171 Percent of capacity of the group counseling sessions is one of our benchmarks.

180 Service levels are very high.

192 We manage deferred compensation.

207 CHAIR WATT: Thank you for providing your own benchmarks that you have created.

232 REP. SNODGRASS: On benchmark 93, please explain to me why you put seniors in there?

239 MCDONNAL: We can show how much we can contribute to their retirement.

254 Continues with the discussion on the budget.

259 CHAIR WATT: Explain instate and out of state spending.

261 MCDONNAL: Many of our retirees live all around the state. Many in eastern Oregon. Our counselors must travel over the state. We also conduct workshops all over the state.

281 I attend three or four out of state sessions a year with my counter parts in other states.

296 Continues with the budget discussion.

305 We are having to re-locate our office.

320 REP. LUNDQUIST: Will the office expenses continue to be a major expense?

337 MCDONNAL: No, it is part due to moving, office equipment, and some additional purchases in our records area.

363 CHAIR WATT: Where does Oregon compare in success to the other states?

368 MCDONNAL: One is the funding level, we are fully funded, many others are not.

395 Our levels are high, but not the highest.

410 REP. FAHEY: Does the budget include money managers?

413 MCDONNAL: No it does not include money managers. The Treasure's
offices hires the money managers.

426 To administer the retirees health insurance program, we hire a third
party administrator.

446 The deferred compensation budget is smaller than the PERS budget.

Tape 11, A

08 Continues with the budget discussion.

28 The population is aging. Measure eight is a challenge.

37 The taxing issues have also caused workload increase.

50 There is a increase of the older population in Oregon.

56 CHAIR WATT: Please come back and present the IRS issue in more detail

66 REP. BEYER: Did we make progress on that?

69 MCDONNAL: The legislation passed in the Congress, died in the Senate.

85 Let me introduce Bob Andrews, who is very knowledgeable in PERS.

Closes Presentation by the Public Employees Retirement System
Opens Public Hearing on House Bill 2110

113 DONNA HUNTER, TAX MANAGER FOR THE EMPLOYMENT DEPARTMENT: Will speak in
favor of House Bill 2110 from provided testimony [EXHIBIT B]

132 The issue is; we have been using several tax schedules.

140 This will allow us to start using a base schedule.

137 Without the change employers will over pay.

149 The bill replaces the schedules, refer to [EXHIBIT B].

162 REP. BEYER: Will the lower rates give you enough money.

165 HUNTER: Yes, the trust fund is very solvent.

170 CHAIR WATT: Explain the eight different schedules.

175 HUNTER: One has the lowest rates. The tax rate increases schedule by
schedule.

187 CHAIR WATT: Who will be in the highest schedule and the lowest
schedule? and what's the difference?

193 MCDONNAL: One tax schedule a year is used. It depends how much revenue
we need. Low turnover of employees will make the difference for each.

211 CHAIR WATT: Why have we gone up?

212 MCDONNAL: We are now paying out more in benefits than we take in

revenue. We can do that because the trust fund is solvent.

230 FAHEY: How does temporary services figure in this?

232 MCDONNAL: They pay at a higher tax rate.

230 Closes Public Hearing on House Bill 2110

Submitted by, Reviewed by,

Paula Gilmer Purcell
Committee Assistant

Aaron Felton
Committee Counsel

EXHIBIT SUMMARY:

A- Testimony from the Public Employes Retirement System

B- Testimony on House Bill 21110