

HOUSE COMMITTEE ON
LABOR

Hearing Room
Tapes 26 - 27

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

MEMBER EXCUSED:

STAFF PRESENT:

Aaron Felton, Committee Counsel
Paula Gilmer Purcell, Committee Assistant

MEASURES HEARD: Informational Hearing on Public Employees Retirement System
 Public Hearing on House Bill 2475
 Public Hearing on House Bill 2059
Work Session on House Bill 2062

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 26, SIDE A

02 CHAIR WATT: Brings meeting to order at 1:31pm.

Informational Meeting on Public Employees Retirement System

Witnesses: Fred McDonnal, PERS

14 FRED MCDONNAL, DIRECTOR OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM: Gives
an overview of the department using [EXHIBIT A].

38 Continues with the breakdown of PERS, what it does and a legislative
background.

74 We also provide health insurance.

87 Who are members of the Board of PERS referring to [EXHIBIT A].

93 We must have a retired person on the Board.

102 The ninth member must be from the private sector and not a participant
of PERS.

118 The Board must periodically review the actuarial factors.

134 The Board sets the employers rate of contribution.

178 The assumed interest rate can have a bearing on the minimum guarantee.

207 REP. LUNDQUIST: Who selects the Board?

209 MCDONNAL: They are appointed by the Governor.

213 REP. BROWN: Fire fighters are not eligible are they?

127 MCDONNAL: Yes there are.

222 CHAIR WATT: Thank you very much.

Public Hearing on House Bill 2475

Witnesses: Rep. Bob Tiernen
 Fred McDonnal, Public Employees Retirement System
 Mari Anne Gest, Oregon Public Employees Union
 Ed Edwards, Oregon School Employees Association
 Jim Whitty, Associated Oregon Industries

232 AARON FELTON, COUNSEL: Gives an overview of the bill.

243: REP. TIERNEN, SPONSOR OF BILL: Speaks as to why he has sponsored this
bill.

261 He feels too many of the Board members are beneficiaries of PERS.

284 He sees this a conflict of interest.

302 It should be the public's interest that is taken into consideration.

326 REP. FAHEY: Are there not people who take advantage of the trust,
regulating the trusts?

340 REP. TIERNEN: Answers question

346 REP. FAHEY: I sit on the Taft-Hartly Trust and I benefit from it.

358 REP. TIERNEN: I do to, but I do not set on the Board. But the union
person should not be the fifth member.

373 REP. SNODGRASS: Does the bill include family members?

380 REP. TIERNEN: If I did not, it was a mistake.

389 REP. SNODGRASS: Reads from the bill.

394 REP. TIERNEN: Yes, I feel that it would include a family member.

400 REP. BEYER: What you are attempting to do under the description is to say any member directly or their family members or a labor representative.

Is that who you are trying to limit to three?

403 REP. TIERNEN: Yes.

408 REP. BEYER: Do you want the odd one to be a tie-breaker?

419 REP. TIERNEN: I don't think we should use the Taft-Hartly Trust as a model.

431 REP. BROWN: Earlier you used a stock holder model?

TAPE 27, SIDE A

24 REP. TIERNEN: I was using the model to show who's interest is being protected.

29 REP. CARPENTER: We need to make sure that tax payers are protected and bring some credibility back to this system.

37 REP. LUNDQUIST: Where does the rationality of three or four come from?

41 REP. TIERNEN: We want to give the parties a voice in the process, two is a significant voice, three would be - there is no magical number.

47 REP. BEYER: Lets remember what the Board is, and they are there to administrate the program and to make sure there is sufficient money. They do not set policy.

61 REP. BROWN: Is the money not the employees that they have earned?

67 REP. TIERNEN: There are different opinions on that.

83 REP. FAHEY: Ours has not gone up. We give some of the money back to the retirees for future service. But is this not a collective bargaining thing.

94 REP. TIERNEN: This has nothing to do with the six percent.

103 REP. FAHEY: What is the difference between this and a insurance annuity?

105 REP. TIERNEN: But who is the boss, the tax payers.

113 MCDONNAL: I have been requested to provide some information on other systems.

134 Teachers systems normally have more board members. We have lots of teachers. We are right in the middle as far as the number of the members.

- Regardless of where the Board members come from, they all have the same responsibilities.

- We just don't add more benefits.

156 CHAIR: Who long has there been nine members?

160 MCDONNAL: Since 1987.

165 REP. FAHEY: If you are in PERS does that stop you from being in a private retirement?

172 MCDONNAL: No.

188 BOB ANDREWS: We do not exactly have the information. We do have some people that are in KEHOG's

207 REP. SNODGRASS: Does the Board make suggestions to the legislature?

215 MCDONNAL: We do not take a position on benefits.

226 REP. BROWN: Do you feel by changing the Board, the public perception will change?

234 MCDONNAL: Yes there is a perception problem. I do not know if this bill will fix it.

251 REP. BROWN: What happens with extra funds?

257 MCDONNAL: We have two plans ,set or variable. With the variable they make more money for taking the risk.. The Board has no control over this. But the regular, if the fund has done well the Board give some to the member account balance but, we also hold some for hard times.

287 REP. LUNDQUIST: You mentioned that the main purpose of the Board is the fiduciary responsibility. What is the downer for the Board to have a member of the system on the Board?

311 MCDONNAL: It could work both ways. I do not know how to answer this.

327 ANDREWS: In the amended version it may effect the members in ORS 237.255.

377 REP. BEYER: Who appoints ?

381 MCDONNAL: The Governor.

385 CHAIR WATT: Thank you Bob.

MARI ANNE GEST, POLITICAL DIRECTOR OREGON PUBLIC EMPLOYEES UNION: Gives written testimony [EXHIBIT B] against House Bill 2475.

TAPE 26, SIDE B

47 DON SATCHEL, OREGON EDUCATION ASSOCIATION: Gives testimony against HB 2475.

58 Makes suggestions for other ways to deal with the situation.

68 CHAIR WATT: Do you intend to propose amendments?

65 ED EDWARDS, OREGON SCHOOL EMPLOYEES ASSOCIATION: Gives w written testimony [EXHIBIT C] against HB 2475.

82 JIM WHITTY, ASSOCIATED OREGON INDUSTRIES: Gives written testimony

[EXHIBIT D] in favor of HB 2475.

115 The Board should not be determining policy in financial matters.

125 REP. BEYER: Could you expand on how it effects benefits?

127 WHITTY: Benefits is a good example.

141 REP. BEYER: Are you suggesting those things come before the legislature?

140 WHITTY: I think it is appropriate for the Board.

150 REP. BROWN: Responds to no public employees on the Board.

152 WHITTY: It is not an issue with us.

157 REP. BROWN: To you think there is a problem with the Board or public perception.

163 WHITTY: I feel it is perception.

173 REP. BROWN: Do you think using the Forestry Board as an example is wrong.

179 WHITTY: I disagree.

Closes Public Hearing on House Bill 2475

Opens Public Hearing on House Bill 2059

Witnesses: Paul Tiffany, BOLI

235 PAUL TIFFANY, ADMINISTRATOR OF WAGE AND HOUR FOR THE BUREAU OF LABOR AND INDUSTRY, Gives written testimony [EXHIBIT E] in favor of HB 2059.

260 The court sent some of our wage assignments back because there was no law for us to do it.

271 CHAIR WATT: Why are you lengthening the title of the director back out?

288 TIFFANY: Legislative Counsel put it that way.

Closes Public Hearing on House Bill 2059

Opens Public Hearing on House Bill 2062

Witnesses: Christine Chute, Oregon Department of Employment

313 CHRISTINE CHUTE, OREGON DEPARTMENT OF EMPLOYMENT: Gives a explanation of the fiscal impact on this bill. She also testifies in favor of House Bill 2062.

345 We would be paying out ninety five thousand dollars less as a result of this bill.

350 We will be charging employers less
- We will loose some federal funding because we will be doing less work.

370 CHAIR WATT: Explain the repeal of ORS 657.157.

375 CHUTE: It defines designated vacation period. This is confusing and costs us lots of money for litigation.

TAPE 27, SIDE B

04 REP. FAHEY: What would be wrong with using a percentage?

10 CHUTE: It is an alternative. I do not want to choose sides.

38 REP. BEYER: Would this law make them take vacation first if they have it on the books. Is this not an improvement in the law.

58 CHUTE: Yes.

55 REP. FAHEY: What if you take vacation and then there is a layoff and he does not get unemployment.

63 CHUTE: That would be whether you took it during the shut down.

Opens Work Session on House Bill 2552

70 REP. FAHEY: I would like a couple of days to draft amendments.

Closes work Session on House Bill 2552

79 CHAIR WATT: Please confer with Aaron on this.

84 CHAIR WATT: Adjourns hearing at 3:04pm.

Submitted by, Reviewed by,

Paula Gilmer Purcell	Aaron Felton
Committee Assistant	Committee Counsel

EXHIBIT SUMMARY:

- A - Overview of PERS, submitted by Fred McDonnal
- B - Testimony on House Bill 2475, submitted by Mari Anne Gest
- C - Testimony on House Bill 2475, submitted by Ed Edwards
- D - Testimony on House Bill 2475, submitted by Jim Whitty
- E - Testimony on House Bill 2059, submitted by Paul Tiffany