

SENATE COMMITTEE ON  
LABOR AND GOVERNMENT OPERATIONS

January 25, 1995                   Hearing Room B  
8:00 AM Tapes 9 - 12

MEMBERS PRESENT:

SEN. Gene Derfler, Chair  
SEN. Brady Adams, Vice-Chair  
SEN. Bob Kintigh  
SEN. Neil Bryant  
SEN. Bill McCoy  
SEN. Randy Leonard

MEMBER EXCUSED:

STAFF PRESENT:

Rita Thomas, Counsel  
Glenda Fields, Assistant

MEASURES HEARD:

SB 131 - PUBLIC HEARING  
Informational Meeting - Overview of PERS

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 9, A

001       CHAIR DERFLER: Called meeting to order at 8:00 AM.  
          Opening public hearing on SB 131.

005       RITA THOMAS: Explanation of SB 131.

010       KATIE CANNON, Oregon State Fair: Testifying on SB 131 (Exhibit A & B).

060       CHAIR DERFLER: Could we do something to allow that to happen without changing the rule makeup?

070       KATIE CANNON: It takes time to go to E Board. Going directly to commission saves time.

075       CHAIR DERFLER: Other agencies may want to privatize.

090       SEN. ADAMS: Reduction of government assessments. Tight and limited

budget. Have you considered a phase-in over time to reduce stress on the budget?

115 KATIE CANNON: Focus is on customers.

119 CHAIR DERFLER: Is the State Fair getting over charged for their services?

120 SEN. ADAMS: All state agencies pay for the upkeep of the mall.

130 SEN. KINTIGH: There should be some saving in the general Government set up.

135 SEN. ADAMS: That is why I was suggesting a phase down.

145 KATIE CANNON: Possible phasing of assessments.

165 CHAIR DERFLER: Outstanding Bonds?

170 KATIE CANNON: State Fair bonds are revenue bonds.

200 SEN. ADAMS: Annual financial report to Governor and Legislature. Secretary of State and Attorney General continue to have oversight.

205 KATIE CANNON: There will be no change in oversight.

240 SEN. LEONARD: What is the down side?

245 KATIE CANNON: Policy making Board can be a risk, repayment of bonds is possible risk and the reduction in Central Government Assessment.

265 CHAIR DERFLER: Are you trying to avoid rules and regulations of state government?

266 KATIE CANNON: Public service and efficiency is the goal.

270 SEN. KINTIGH: Flexibility in budget.

282 SEN. MCCOY: Would you be bound to Affirmative Action under this new bill?

283 KATIE CANNON: Yes.

290 BEV HORNSTEIN, Chairman, Oregon State Fair Commission: Recommends passage of SB 131.

330 SEN. KINTIGH: Concern for the continuation of agricultural emphasis of State Fair.

360 SEN. LEONARD: Audit requirements?

375 CLIFTON LEWIS, Oregon State Fair: Responding to Audit requirements. Secretary of State is the auditor and may audit at any time.

440 SEN. BRYANT: Recommending flexibility in audit.

020 SEN. LEONARD: Was that state agencies or semi independent agencies?

035 SEN. BRYANT: Oregon State Bar.

040 KATIE CANNON: Travel Information Council received their semi independent status last session.

042 SEN. LEONARD: Wanting to walk into this very carefully. Public trust.

055 CHAIR DERFLER: Why don't you check with Secretary of State?

061 SEN. MCCOY: If you require regular audit, part of the \$93,000 in savings will used in audit expenses?

070 CLIFTON LEWIS: Approximately \$8,000 in current audit costs. Annual audit would cost more.

084 CHAIR DERFLER: Thanking State Fair staff for coming.

086 MARTIN GAGE, Lansing NeighB orhood Association and Advisory Commissioner, Oregon State Fair & Exposition Center: Supporting SB 131 (Exhibit C & D).

116 CHAIR DERFLER: NeighB orhood objections to Fair activities?

125 MARTIN GAGE: A small percentage complain. General populous appreciate the OSF.

152 FRITZ SKIRVIN, Chair NeighB orhood/Oregon State Fair Liaison Committee: Four of the NeighB orhood Associations have supported this bill (Exhibit E).

198 SEN. LEONARD: Public is the owner of the OSF. Caution in turning over ownership.

220 FRITZ SKIRVIN: Semi public is still public.

245 WENDY CLOYD, Travel Information Council: The Travel Information Council is a semi-public organization. Wendy feels this has improved customer service.

275 BILL DORNEY, Salem Convention & Visitors Association: In support of SB 131 (Exhibit F).

330 KIM DUNCAN, Oregon Public Broadcasting: OPB was fully privatized a few years ago. Services to the State have not changed. Streamlined accounting, Personnel moving toward more innovative policies, moving into more business opportunities. Employee morale and focus has improved - performance improved.

445 CHAIR DERFLER: This has made life easier for OPB?

TAPE 9, B

020 SEN. MCCOY: Are State services provided at a market rate?

038 SEN. LEONARD: What is your relationship to state government?

040 KIM DUNCAN: Funded by State Lottery.

049 SEN. LEONARD: Audit requirements?

050 KIM DUNCAN: Not audited by Sec of State. Private audits are done.

064 SEN. MCCOY: If Federal funds are pulled, will OPB come back to State?

071 KIM DUNCAN: Yes. We are coming back for funding. 12 1/2% of funding comes from Federal. The private non profit board owns OPB.

090 DAVE NELSON, Racing Division: Working with OSF on an Amendment to cover continuing use of OSF facilities for Horse Racing and Training facility.

108 SEN. MCCOY: What would the amendment do?

110 DAVE NELSON: Continuing working relationship with Oregon State Fair.

135 CHAIR DERFLER: Thanking audience for coming.

140 CHAIR DERFLER: Closing public hearing on SB 131.

190 CHAIR DERFLER: Opening Informational Meeting on PERS.

191 FRED MCDONNAL, Oregon Public Employes Retirement System: Overview of PERS (Exhibit G).

280 FRED MCDONNAL: Retirement Services.

300 FRED MCDONNAL: Board Responsibilities.

360 CHAIR DERFLER: Equivalency rates changed?

375 FRED MCDONNAL: Legislative Responsibilities.

400 SEN. KINTIGH: Are employes who elect the variable rate still covered by the guarantee?

430 FRED MCDONNAL: Money match.

445 CHAIR DERFLER: Does the State ever benefit from money match?

450 FRED MCDONNAL: Continuing with money match info.

TAPE 10, B

046 SEN. LEONARD: When the market is good and the member does well is it only in respect to his account?

076 FRED MCDONNAL: Employer benefits and risks from money match.

100 CHAIR DERFLER: These things have been approved by the State Legislature?

145 FRED MCDONNAL: Funds exist with PERS, that make the assets match with

liabilities.

150 SEN. LEONARD: 100% funded means that the fund has assets to cover all liabilities?

170 SEN. ADAMS: Evaluated on a regular basis.

211 SEN. KINTIGH: What type of real estate?

218 FRED MCDONNAL: Governor's Task Force Proposals (Exhibit G page 12).

229 SEN. LEONARD: Has there been an analysis of retirement age for private sector verses the public sector?

277 CHAIR DERFLER: % of private employes that do not have retirement?

300 FRED MCDONNAL: Sick leave will not be figured in after Jan. 1 because of Measure 8.

315 SEN. LEONARD: What will the impact of Measure 8 be on that figure?

325 SEN. ADAMS: Be careful not to make decisions on assumptions and conclusions.

350 FRED MCDONNAL: House Task Force (Exhibit G page 14).

380 SEN. BRYANT: Has to be excused for another meeting.

430 FRED MCDONNAL: Governor's PERS Reform Policy.

440 CHAIR DERFLER: Variable rate according to salary?

TAPE 11, A

044 FRED MCDONNAL: Replacement Ratio (Exhibit G Page 18).

064 SEN. LEONARD: % after 30 years?

093 CHAIR DERFLER: Average 20 years?

120 FRED MCDONNAL: Employer Contribution (Exhibit G Page 19).

140 CHAIR DERFLER: Rates are set by the Board?

190 FRED MCDONNAL: Ballot Measure 8 (Exhibit G Page 23).

230 FRED MCDONNAL: Unused Sick Leave (Exhibit G Page 25).

265 FRED MCDONNAL: State Taxation of PERS Retirees (Exhibit G Page 27).

295 CHAIR DERFLER: Federal requirement for equal treatment regarding retirees prior to 1991 and after 1991?

310 SEN. LEONARD: But isn't that a different issue?

340 CHAIR DERFLER: Thanking Fred for time and effort. Close for a 5 minute break.

350 MARK JOHNSON, Milliman & Robertson, Inc: Summary of the 1993 Actuarial Valuation of PERS (Exhibit H).

444 MARK JOHNSON: Fundamental Principle No. 1 (EXHIBIT H Page 2).

TAPE 12, A

030 SEN. LEONARD: Portland Police and Fire?

075 MARK JOHNSON: Purpose of the Valuation.

125 MARK JOHNSON: Actuarial Liability (EXHIBIT H Page 3).

175 MARK JOHNSON: Present Value of Accrued Benefit (EXHIBIT H Page 5).

225 MARK JOHNSON: Actuarial Liability.

270 MARK JOHNSON: Trends for past 10 years (EXHIBIT H Page 11).

330 MARK JOHNSON: Funding Disclosure (EXHIBIT H Page 12).

380 MARK JOHNSON: Funding Disclosure (EXHIBIT H Page 12).

425 MARK JOHNSON: History of Employer Rates.

TAPE 11, B

020 MARK JOHNSON: The Board has always accepted the Actuaries presented.

045 CHAIR DERFLER: The Committee is adjourned.

Submitted by, Reviewed by,

Glenda Fields Rita Thomas  
Committee Assistant Committee Counsel

EXHIBIT SUMMARY:

A - Testimony on SB 131 -Katie Cannon - 4 pages  
B - Summary SB 131 - Katie Cannon - 3 pages  
C - Testimony on SB 131 - F. Martin Gage - 1 page  
D - Testimony on SB 131 - Martin Gage - 1 page  
E - Testimony on SB 131 - Fritz Skirvin - 1 page  
F - Testimony on SB 131 - Bill Dorney - 2 pages  
G - PERS Overview for Senate Labor and Government Operations Committee - 28

pages

H - Public Employes retirement System, Mark O. Johnson - 17 pages

