

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.

HOUSE COMMITTEE ON LABOR

March 13, 1991Hearing Room D 8:30 a.m.Tapes 60-61

MEMBERS PRESENT:Rep. Gene Derfler, Chair Rep. Kevin Mannix, Vice-Chair Rep. Sam Dominy Rep. Jim Edmunson Rep. Rod Johnson Rep. Bob Repine Rep. John Watt

STAFF PRESENT: Victoria Dozler, Committee Administrator Johanna Klarin, Committee Assistant

MEASURES CONSIDERED: HB 2809 - Public Hearing HB 2739 - Public Hearing HB 2878 - Public Hearing HB 2911 - Public Hearing

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TAPE 60, SIDE A

003 CHAIR DERFLER: Calls the meeting to order at 8:30 A.M.

PUBLIC HEARING, HB 2809 (EXHIBITS A AND B)

004 CHAIR DERFLER: Opens public hearing on HB 2809.

Witnesses:Bob Andrews, Public Employees Retirement System (PERS) Kelly Ross, Oregon Fire Chiefs Association Jack Snook, Tualatin Valley Fire and Rescue David Crymes, Beaverton Fire Department Dough Hoffman, Oregon Council of Police Associations Maria Keltner, League of Oregon Cities and Association of Oregon Counties

007 DOZLER: Describes the bill.

017 BOB ANDREWS, PERS: On line 18 suggests an amendment which would delete the words "or installments". This would bring this consistent with other purchases which are currently available for the members (Exhibit A).

030 REP. WATT: I would like to receive some background on the reasoning for doing this.

ANDREWS: He refers to the people who suggested the legislation.

043 KELLY ROSS, Oregon Fire Chiefs Association: Introduces Jack Snook, Fire Chief, Tualatin Valley Fire and Rescue.

-Our intent was to come up with a piece of legislation that would have very little impact on the PERS system or the employers involved.

050 JACK SNOOK, Fire Chief: Testifies in favor of the bill (Exhibit B).

-Fire fighters are staying on the job much longer than they would like to and beyond what they are physically capable performing on the job.

-Discusses administrative positions that were under private plans in 1960s and 1970s.

-Discusses the effects of Ballot Measure 5.

104 REP. MANNIX: It would be helpful to offer an early retirement scheme in this context.

SNOOK: Yes, it would be a vehicle in trying to reduce the size of our organization.

REP. MANNIX: Should we add an emergency clause?

SNOOK: We would begin the process before July 1.

122 REP. JOHNSON: Refers to the line 21 on the bill. The expression "current employer" is not appropriate. Do you have any suggestions to address the salary difference between the PERS and non-PERS employer?

SNOOK: I do have difficulty with line 21. I have discussed this with Bob Andrews and we have come up with some better language. Suggests a compromise to allow the employee to go back to the time when he/she entered the PERS system and get rid of this concept of a current employer. The total cost should be carried by the employee.

170 REP. JOHNSON: What about a situation when an employee has first been employed by a PERS employer, then by a non-PERS employer and again by a PERS employer?

SNOOK: That possibility does exist. I prefer we go back to actual records--if a person pays for what they would have normally paid into that fund plus interest in any actuarial impact they would have had on that plan.

180 REP. MANNIX: You are creating a possible fiscal impact if you want to talk about the actual amount earned and an administrative nightmare. Suggests the following language on line 21: "First full calendar year of employment as a police officer or fire fighter within the PERS system".

SNOOK: That is exactly the language I had in mind.

212 DAVID CRYMES, Beaverton Fire Department: Testifies in favor of HB 2809. Discusses the hazardous working conditions at the work place and the cancer statistics among fire fighters.

-We have people who have to work into their 70s to acquire the same benefits as their sons at a much younger age.

261 REP. REPINE: This bill has advantages 1) gives an incentive to

retire for people who are no longer physically able to handle the job demands and 2) allows cities and counties to bring in new people at a lower incoming salary level.

CRYMES: That is true.

287 REP. REPINE: I imagine that some of the people who had these checks written to them spent or lost some of the money?

CRYMES: Some of the people I know are prepared to do this.

REP. REPINE: Is the PERS suggestion of leaving out the "or installments" acceptable to you?

CRYMES: I cannot talk to that.

311 REP. MANNIX: One doesn't have to pay before retirement, so one can set up a savings account now.

323 DOUG HOFFMAN, Oregon Council of Police Associations: Testifies in favor of HB 2809. We have also sponsored HB 2913. He echoes the sentiments of the previous testimonies.

343 REP. JOHNSON: How important is it that these buy backs be available on installment basis as opposed to a lump sum?

HOFFMAN: I believe the concerned people are prepared to take whatever action is necessary.

362 MARIA KELTNER, League of Oregon Cities and Association of Oregon Counties: We are concerned about the impact on jurisdictions, those who are required to have benefits that are "equal to or greater than" PERS.

379 REP. MANNIX: Please elaborate on this more. You are concerned that some of those people don't have the same buy back provisions as PERS and therefore their plan is no more equal or greater than that of PERS?

KELTNER: Yes, they would be required to adjust their plan.

396 REP. JOHNSON: Does this bill require increased benefits?

KELTNER: Those 19 jurisdictions in question would be required to also allow something similar or something that would make their benefits "equal or greater than" PERS.

REP. JOHNSON: If someone wants to buy back some years in those plans, wouldn't they have to pay an amount that would be sufficient to cover any future retirement benefits?

KELTNER: That is my concern. If it were revenue neutral and it was not 8% plus an employer and employee. Depends how this gets translated into "equal to or better than."

REP. JOHNSON: Do you have any proposed language to cover your concerns?

KELTNER: I don't have any with me. I could develop some.

435 REP. MANNIX: Would you be asking that the "equal to or greater than" employers be exempt from matching this provision?

KELTNER: That is one possible solution.

REP. MANNIX: They need to look at their documentation to see if this has more than a minimal fiscal impact.

TAPE 61, SIDE A

008 CHAIR DERFLER: You should bring the information necessary to us at the time of the hearing.

KELTNER: I agree and I apologize.

-We are concerned about the cost to the employer.

-There a possibility of double dipping if people were in plans separate from PERS and that money was not withdrawn.

021 REP. EDMUNSON: What is wrong with that?

KELTNER: I wanted to bring it to your attention.

EDMUNSON: I don't see the concern.

KELTNER: That is a policy decision.

029 REP. MANNIX: We are just talking about public employers in the state of Oregon.

KELTNER: I was referring specifically to those who have "equal to or better than", those Oregon, non-PERS retirement plan jurisdictions.

REP. MANNIX: Is there any such police or fire jurisdiction in the state right now?

KELTNER: There are 19 for police and fire jurisdictions.

REP. MANNIX: Your concern is that someone who has been in a non-PERS system within the state for a long time may have a retirement plan and now we are going to let them buy years of service equivalent to that in the PERS system. Rep. Edmunson's point was that it does not affect PERS and if someone wants to take advantage of it, what is the hurt?

KELTNER: As I said it is a policy issue whether it is something you want to do.

054 REP. REPINE: With regard to the potential double dipping, how have you dealt with the potential of competing retirement systems in past experience?

ANDREWS: We have not looked at them as competing systems. We have not looked at purchases as an element of the benefits structure.

REP. REPINE: Lets assume that somebody was to remove their retirement plan from another program to the PERS. Would that person potentially experience some loss of value?

ANDREWS: We do not do mergers. We get hung up on somatics here. If and when an employer moves into the PERS membership and they extend coverage retroactive, then all services would be treated as if they were PERS services.

098 REP. MANNIX: How many of these service purchase provisions do we have?

ANDREWS: We have a purchase for what we call a forfeited time and we have an additional purchase for military time. We have a purchase for the six months waiting period.

REP. MANNIX: Why shouldn't we apply this to anybody who has worked for a public employer in the state? Why should we limit this to police officers and fire fighters?

ANDREWS: Policywise we have no problem, but, as you said, more and more people would get into the system and that would create a fiscal impact.

REP. MANNIX: We can make an intellectual distinction on the bases that we already have special retirement provisions for police officers and fire fighters. There is more impact on them in terms of not having an opportunity to buy back as opposed to other types of employees.

ANDREWS: That is correct.

129 REP. MANNIX: Refers to page 2 suggestion to add "current participating employer." Do you want the word participating?

ANDREWS: Yes.

135 REP. JOHNSON: Are you satisfied with this language that would allow you to give credit or let people buy back for portions of years as well as full years?

ANDREWS: I don't believe that we will be looking at portions of a year.

155 REP. MANNIX: What about the competitive impact? Are we going to have some rivalry and recruitment problems?

ANDREWS: I am not the right person to answer that.

167 CHAIR DERFLER: We need to have the amendments reviewed by you to be certain that this bill is revenue neutral.

ANDREWS: I'll do that with the committee administrator.

PUBLIC HEARING, HB 2878 (Exhibit C)

Witnesses: Pat West, Oregon State Fire Fighters Council

180 CHAIR DERFLER: Opens public hearing on HB 2878.

181 VICTORIA DOZLER: HB 2878 would prohibit ambulance workers from striking while they are performing their special duties.

180 PAT WEST, Oregon State Fire Fighters Council: Testifies in favor of HB 287 8 (Exhibit C). He discusses "third service"--a separate ambulance district. The first such district to be formed in Oregon is the Western Lane County ambulance district.

-It is in the public's best interest to have labor disputes resolved in an orderly manner that does not interrupt a service that is vital to the well being of the community.

210 REP. MANNIX: Is one of the main points here that in most areas the ambulance services are provided by the fire category?

WEST: That is correct. In this particular case they are the sole provider, they are a public agency.

REP. MANNIX: We have usually thought of public employers providing ambulance services. We are now extending that concept.

224 WEST: They are public employers.

REP. MANNIX: Why are you not opposing this, it prohibits you from striking? Is it an equity issue?

WEST: That is correct.

239 CHAIR DERFLER: Why shouldn't you be able to strike?

WEST: If the ambulance district would go on a strike, there would be no ambulance service provided.

CHAIR DERFLER: Aren't they normally franchised in the cities?

WEST: In some areas, for example in Portland, there is more than one provider.

263 REP. REPINE: Do you anticipate this to become more of a trend?

WEST: As far as I know this is the first and only public ambulance district.

PUBLIC HEARING, HB 2739 (Exhibit D)

Witnesses: Pat West, Oregon Fire Fighters Council Dough Hoffman, Oregon Council of Police Associations Maria Keltner, League of Oregon Counties and Association of Oregon Cities Bob Andrews, PERS

282 CHAIR DERFLER: Opens public hearing on HB 2739.

283 VICTORIA DOZLER: Describes the bill.

306 PAT WEST, Oregon Fire Fighters Council: Testifies in support of HB 2739 (Exhibit D). He discusses the following topics:

-Hazardous working conditions; -Cancer rate statistics; -Fire fighters injured on the job.

378 REP. MANNIX: Someone, for example, who has a PhD in psychology who decides he wants to be a police officer or fire fighter and he receives a service connected injury which prevents him from returning to work as a police officer or a fire fighter, but he is eminently qualified to practice psychology, under this bill he would be eligible to draw his disability retirement as a police officer or a fire fighter.

WEST: Yes he would be until he is capable of returning to work.

REP. MANNIX: If you cannot be a police officer or a fire fighter no matter what your other qualifications are, you get that disability retirement. If you are any other kind of employee, for example, a nurse

in a similar situation, under the current law the person doesn't receive disability retirement because he/she is qualified to do some other kind of work. Why should we make a distinction with police officers and fire fighters?

413 WEST: If you have devoted your life to be police officer or a fire fighter, you don't deserve the economic ruin that goes along with being injured.

REP. MANNIX: I have problems with making this distinction if the person is able to return to some other line of work.

TAPE 60, SIDE B

002 WEST: There is a provision in the bill that if the individual is able to go back to work and receive income, combined salary and disability benefits, at the same level he received as a fire fighter, then the disability benefits are reduced.

009 REP. DOMINY: The only difference is whether you have an income or not. Currently when you find an income you get cut off from PERS disability. Is this an incentive to get back to work to do something?

WEST: That is correct. Gives an example of a heart attack victim.

REP. DOMINY: A psychologist would make about \$3000 per month and hence be unable to draw the PERS disability benefit?

WEST: That is correct.

REP. DOMINY: How much does an average fire fighter make currently?

WEST: About \$2,300 per month.

047 REP. JOHNSON: Provides an example of a young police officer who loses a thumb. Where does the bill require the person to go look for other employment so he doesn't have to rely on these disability payments for the rest of this life?

WEST: There is no provision for that. He has already had his income reduced 50%.

REP. JOHNSON: I don't understand where in the bill it says that.

WEST: The disability is 50% in the current law.

REP. JOHNSON: Can you point to me where it says that--when the other income goes up the disability payments go down? Is it on page 3, section 4 (c)?

WEST: Yes it is.

080 REP. DOMINY: Are the PERS benefits and the other income added together?

WEST: The disability provision and the income that you make after you are disabled.

098 DOUG HOFFMAN, Oregon Council of Police Associations: Expresses support for HB 2739. He echoes the sentiments of previous testimony.

110 MARIA KELTNER, League of Oregon Counties and Association of Oregon Cities: Most of my concerns have been discussed in connection with HB 2809.

-Expresses concern for increased costs for cities and counties.

-I am concerned about the cancellation provision.

-Expresses concern about the impact to those who have the "equal to or greater than" requirement.

127 REP. DOMINY: Refers to the section on requalification and that being an expense to you. That happens currently, doesn't it?

KELTNER: The difference here is that the person could be receiving disability retirement at the same time they are working for a participating PERS employer.

143 REP. DOMINY: How many people are we talking about?

KELTNER: I don't have the figures for the cancellation of disability.

REP. DOMINY: I don't vision this happening very often.

KELTNER: This bill would liberalize those that would qualify for disability.

174 REP. MANNIX: Talks about chronic back injuries. What is the incentive to go out to look for any other work.

190 CHAIR DERFLER: Would you explain how the disability system works and how the workers' compensation fits into the disability?

193 BOB ANDREWS, PERS: Explains duty and non-duty disability.

-No integration or coordination of benefits with workers compensation or social security. -We administer no offsets. -We have proposed definition to the "work for which qualified".

223 REP. MANNIX: The disability for disability purposes doesn't have to be caused by work.

ANDREWS: Yes there are two kinds of disability. The benefit continues as long as the person is qualified or is disabled to the extent that they cannot work any work that they are qualified for.

243 CHAIR DERFLER: Refers to back injuries. What would be the incentive for a person to go back to work if he receives disability benefits and workers comp?

ANDREWS: I am not qualified to answer the incentive or disincentive related to this issue. It is arguable.

271 REP. MANNIX: Presently we don't make a distinction among the public employees in terms of the disability definition of unable to perform any work to which qualified?

ANDREWS: No we don't.



REP. MANNIX: We give the police officers and fire fighters the advantage of the advanced age program.

ANDREWS: He describes the special provisions for police officers and fire fighters.

PUBLIC HEARING, HB 2911 (Exhibits E and F)

Witnesses: Gary Miller, Oregon Council of Police Associations and Oregon State Police Officers Association Charles Stull, Oregon Association of Chiefs of Police Maria Keltner, League of Oregon Counties and Association of Oregon Cities

301 CHAIR DERFLER: Opens public hearing on HB 2911.

305 DOZLER: HB 2911 allows full retirement for police officers and fire fighters at the age of 50 or 25 years of service.

319 GARY MILLER, Chairman of the Pension and Benefits Committee, Oregon Council of Police Associations and Oregon State Police Officers Association: Testifies in support of HB 291 1 (Exhibit E).

-This bill is supported by virtually every police officer and fire fighter.

-He discusses the hazardous and dangerous work conditions.

-He discusses the effects of Ballot Measure 5.

-He discusses the need to attract quality applicants into the police and fire departments.

-He discusses the stress brought on by working various shifts.

417 REP. MANNIX: Isn't working conditions something that can be bargained about?

432 MILLER: There are many police agencies that are not covered by any bargaining.

-Mr. Miller continues his presentation and discusses job related injuries.

-He discusses the stress involved in dealing with matters of life and death on daily basis.

TAPE 61, SIDE B

011 -He discusses the occupational health problems, cancer rates, mortality rates, etc.

-The quality of retired life is disturbing.

-Daily exposure to accidents and death.

-Gang related problems and drug trafficking.

-Refers to the national statistical studies made among the discussed groups.

-Discusses retirement systems of other states and communities.

-Discusses the "California Plan", page 8, Exhibit E.

-Discusses the actuarial study prepared by Milliman & Robertson, Inc., Exhibit E, page 9.

113 CHAIR DERFLER: Does this also include the fire fighters?

MILLER: Yes this includes everybody. The second page looks at the dollar figures.

CHAIR DERFLER: This is a different figure than what we have in the legislative fiscal impact statement. We need to make a study to reconcile these amounts.

MILLER: The total cost for the both packages is \$10.5 million per year.

-Costs can be reduced by replacing these older members by younger, less expensive workers.

-This bill would attract more qualified applicants.

-This bill would allow for a younger, healthier public safety work force.

167 REP. DOMINY: Discusses the concept of early retirement. When it was dropped to 55, how many people took advantage of it? How many people would like to retire immediately at the age of 50?

MILLER: We have 33 eligible members to retire. If this bill passes, there is another 36 members eligible to retire of which 25 members told me that they would retire under this plan.

REP. DOMINY: How many in that same survey are over 55 and still working?

MILLER: We have very few people over 55 who are still working other than management positions.

REP DOMINY: What is the average age that people get into the service?

MILLER: Trend has been lately to hire more experienced police officers.

REP. DOMINY: The retirement checks are not going to be so big because one has five years less service. Is that correct?

MILLER: Yes, the intent of this was to give the employee the option. People have no problem with the reduced retirement rate.

229 CHARLES STULL, Oregon Association of Chiefs of Police: Testifies in favor of HB 2911 (Exhibit F). At this point of time, due to Ballot Measure 5, our intent is to come back with a proposal that would establish a plan A and a plan B retirement system. Plan A being the current retirement system and plan B would be the proposal that you have before you today, but it would be optional.

243 CHAIR DERFLER: I don't have a problem with that. You need to work with PERS on that to see how it would affect them.

251 MARIA KELTNER, League of Oregon Counties and Association of Oregon Cities: Expresses concern for the cost and the impact for those who have the "equal to or greater than" requirement.

-Refers to the above mentioned two tier proposal. If the proposal was truly optional it would be more palatable.

-If the proposal is to be decided through collective bargaining, then for those who have the collective bargaining agreements it is not truly optional.

277 CHAIR DERFLER: Adjourns the meeting at 10:15 a.m.

Submitted by:      Reviewed by:

Johanna Klarin    Victoria Dozler Assistant                      Administrator

EXHIBIT LOG:

A            -            Amendments to HB 2809 - Bob Andrews - 1 page.  
B            -            Testimony on HB 2809 - Jack Snook - 2 pages.  
C            -            Testimony on HB 2878 - Pat West - 1 page. D            -            Testimony  
on HB 2739 - Pat West - 2 pages. E            -            Testimony on HB 2911 - Gary  
Miller - 10 pages. F            -            Testimony on HB 2911 - Charles Stull - 1  
page.