

SENATE COMMITTEE ON LABOR

May 8, 1991 Hearing Room 50 03:00 p.m. Tapes 93 - 95
MEMBERS PRESENT: SEN. GRATTAN KERANS, CHAIR SEN. LARRY HILL,
VICE-CHAIR SEN. PETER BROCKMAN SEN. BOB KINTIGH SEN. BOB SHOEMAKER

STAFF PRESENT: ANNETTE TALBOTT, COMMITTEE COUNSEL ROBERTA WHITE,
COMMITTEE ASSISTANT MEASURES CONSIDERED: SB 656 PH SB 735 PH SB 1035
PH SB 1106 PH & WS SB 138 PH SB 1041 PH SB 632 PH .

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 93, SIDE A

001 CHAIR KERANS calls the meeting to order at 3:10 p.m. and opens the public hearing on SB 656, turns the gavel to Sen. Hill and departs the meeting to appear before another Legislative committee. SB 656 - RELATING TO PUBLIC EMPLOYEE RETIREMENT: DECLARING AN EMERGENCY. SCHEDULED PUBLIC EMPLOYEES' RETIREMENT SYSTEM BENEFIT INCREASE. - PUBLIC HEARING

WITNESSES: Sen. John Kitzhaber, Senate District 23 Don Satchell, Oregon Education Association and PERS Coalition Jack Sollis, Committee for Equalized Tax Treatment of Public Retirement benefits Leland Jensen, Association of Retired Oregon State Employees 007 SENATOR JOHN KLTZHABER, Senate District 23: I am here to offer several options for the Senate Labor Committee to examine on increasing PERS benefits. As a result of the U. S. Supreme Court decision, the State of Oregon is required to equalize its treatment of federal and Senate Committee on Labor May 8, 1991 - Page 2

state retirees. The Legislature recognizes that the approach it has chosen to equalize this tax treatment embodied in HB 2352 will create a burden for state retirees and possibly for some active members of PERS. I am requesting that the Senate Labor Committee consider the options I will present today. I have made an effort to work this issue out. It is an issue fraught with lawsuits, serious politics, serious State dollars and I think the committee will have to work through this and come to some conclusion.

I have submitted a document entitled "Options for PERS Benefit Increase" (EXHIBIT A). We are trying to develop a strategy that offsets the impact of the tax.

Option 1 is an increase for the monthly benefit for retirees, those retired on the effective date that it passes. It is a 9.89 percent increase in the monthly benefits. The total system cost is \$5.1 million a year. The State's share of that is \$6 million and of that \$2:4 million is General Fund. Option 1 and the 9.89 rate is intended to "buy out" retirees and remove them from the necessity to sue the State for loss of their anticipated retirement benefits. It does not speak to active employees who undoubtedly would bring suit against the State because they would not be receiving the benefit they anticipated when they signed the contract.

Option 2 is a scheduled increase for active members based on years of service. It is based on the assumption of a \$5,000 exclusion in the tax

bill. The tax bill has a \$7,500 exclusion which will be covered in Option 3. You can see the rate schedule that deals with general service and police and fire employees starting with no benefit for people who have been in the system for under nine years. Presumably they would have part of the tax mitigated by the exclusions. It moves up to a maximum of seven percent for 30 years or longer. The system cost of that proposal is \$56.1 million a year. The State's share is \$20.7 of which \$8.2 million is General Fund. The cost to the state is \$16 million per biennium starting in 1993.

088 Option 3 is a schedule for both retirees and actives based on years of service. It doesn't include the 9.86 percent for those retired on the effective date of the tax. It is a benefit schedule based on years of service. People who are currently retired would get a benefit increase based on the years of service at the time of their retirement. The cost is \$49.3 million of which the State's share is \$18 million and General Funds of \$7.2 or \$14.5 million biennial costs. 098 Option 4 is a schedule increase for both retirees and actives except it is based on the \$7,500 exclusion in the house bill. There is a reduction of the top percentage increase from seven to six percent and a delay at the bottom end to attempt to compensate for the larger exclusion. The system cost is \$37.1 million. The State's share is \$13.5 of which \$5.4 million is General Fund per year. 107 The final option is a 9.89 increase for retirees on the effective date of the tax and a scheduled increase for actives assuming a \$7,500 exclusion. It is essentially Option 4 plus a buy out of the retirees. The cost is \$46.1 million. The system cost is \$17 million to the state with a \$6.8 million General Fund cost per year. 114 Another option the committee may want to consider is the one Senator Shoemaker raised a few days ago about trying to duplicate what we attempted to do last year--a mechanism to essentially

These minute contents in materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks upon a speaker's exact words. For complete contents of the proceedings, please refer to the report. . . . Senate Committee on Labor May 8, 1991 - Page 3

calculate the impact of the tax on individuals as they come out of the system. The objective is to try to mitigate the impact of the tax and to avoid to the greatest extent possible a lawsuit based on a breach of contract.

133 I would like to raise the issue of early retirement which came up in some discussions with the Speaker. He was interested in including consideration of the treatment of sick leave for purchasing health care coverage for early retirement. Currently, people who are in the full formula calculation or the one percent plus annuity can have half of their sick leave factored into their monthly retirement benefits. People who are money-match can't. The proposal that the Speaker is interested in would allow people on full formula or one percent plus annuity to use the other half of their sick leave to buy health care for early retirement between the time they retire and the time they become eligible for Medicare. To do that is relatively inexpensive, but the other piece of that would be to allow the same option to people who are on the money match to use half of their sick leave to buy either health care or to increase their monthly benefit. The cost has to do with those who might choose to increase their benefit. That is about \$16 million. It would be reduced by the extent that people chose to buy health care benefits as opposed to using it for a benefit increase. Ms. Talbott has amendments for these options and any conceivable combination thereof, as

well as (other) amendments that deal with this issue (EXHIBIT B).

161 CHAIR HILL: For our discussions, we will call the dollar-for-dollar replacement Option 6. We don't have a price on it yet, but it would calculate the value of each employees package individually and add those up. It gives us a much more accurate total.

181 MS. TALBOTT: The package of amendments, SB 656-1, SB 656-2, SB 656-3, SB 656 - , SB 656 -5, SB 656-6, SB 656-7, SB 9999-9 and SB 583-1 (EXHIBIT B) carry out the various options. The extension number of the amendments do not match the options.

The -5 amendments deal only with the sick leave issue for health care purchase. The other amendments give a bigger look at increasing benefits. The -5 amendments could be added to any package.

236 DON SATCHELL, Oregon Education Association and the PERS Coalition: The coalition members would like to introduce themselves: Tom Chamberlain, Oregon State Fire Fighters Council; Jeanine Meyer-Rodriguez, Oregon Public Employees Union; Mari Anne Gest, Oregon School Employees Association; Mary Botkin, AFSCME, Council 75; Bob Keyser, Oregon Council of Police Associations; and Jennifer Larsen, Association of Oregon Faculty.

255 MR. SATCHELL: We are in unanimous agreement in support of proposed amendments SB 656-2 dated 5/7191.

273 CHAIR HILL: We will assume you are speaking to Option 3 which is reflected in the SB 656-2 amendments. 276 MS. TALBOTT: Option 2 also includes an increase in benefits for non-PERS Police and Fire who have what they call "equal to" or "better to" funds. We do not have a fiscal statement on

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that.

281 MR. SATCHELL: We believe that by establishing a benefit increase based upon the years of service, there is a correlation between the amount of money they receive monthly and the length of service they have. We asked the actuary to give us some indication of what type of an increase would be necessary based on the \$5,000 exclusion. The numbers before you are the one presented to us. We realize that the exemption has now gone to \$7,500. However, there is also an exclusion for social security benefits from that exemption before the tax credit is figured. Since our system is based on a combination of both social security and PERS benefits for - retirement, we find many of us will not be entitled to any type of exemption or reduced exemption because most of us have social security and that will be reduced from the amount before we consider the amount of credit we receive. 305Option 3, SB 656-2, we believe, justifies the attorney general's suggestion last time that for you to tax us and provide this type of benefit would be appropriate. We believe as an organization we would support this action and try to defend this action. 317 CHAIR HILL: For the record, all the witnesses agree with Mr. Satchell's testimony.

317 CHAIR HILL: Currently, Oregon law excludes social security benefits

from state taxation. It makes sense to me that social security benefits not be included in calculating the net amount that would be excluded. Is that the way the SB 656-2 amendments are written?

324 MS. TALBOTT: That is not in this bill.

326 MR. SATCHELL: It is in HB 2052 and we are not suggesting that it be treated any different in that bill; we are accepting that. I believe that is part of the reason for our justification of Option 3. 335 MS.

TALBOTT: The members have a chart which shows how many people have credited years of service and the range. That will help in looking at the schedule. 341

SENATOR SHOEMAKER: The only difference between Option 3 and Option 4 is the amount of the exclusion that is contained within the tax bill. Is that right? 348 MS. TALBOTT: That is correct.

348 SENATOR SHOEMAKER: They are in the tax bill which is not before this committee. We would presumably track that. If the other bill comes out with a \$7,500 exclusion, should we still go with Option 2?

356 MR. SATCHELL: The difference between Option 4 and Option 3 is based upon the \$7,500 exemption and the \$5,000 exemption and it does have different percentages of increase based on the years of service. The reason we believe the differences in the percentages are justifiable is that before you figure your tax credit, your exclusion is reduced by the amount of social security that you earn. Since our system includes social security in our earnings, we will not receive as much as those that do not have social security in their earnings.

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378 MS. TALBOTT: The exclusion amount was calculated in coming up with the schedule; it is not related to any actual figure in the tax bill itself.

384 SENATOR SHOEMAKER: We could go with Option 3.

386 MS. TALBOTT: Right now the tax bill has a \$7,500 credit, not exclusion. That is a difference.

390 MR. SATCHELL: They did not stay with the exclusion and that is causing us some difficulty. 395 CHAIR HILL: Why did they choose the tax credit rather than the exclusion?

395 MR. SATCHELL: I don't have any idea. However, the State Constitution does prohibit the taxing of social security. So if you were to reduce the credit by social security, that would be illegal. But you can take the amount of money and reduce it by the social security and then figure the credit and that would be legal. I understand that is the reason they went in that fashion.

408 CHAIR HILL: Options 1 and 2 buy out current retirees as of January 1, 1992, totally as a 9.89 percent which is a very safe number in terms of satisfying or making them whole. It also makes some of the retirees more than whole. You obviously feel comfortable with the schedule in Option 3 for current retirees as of January 1, 1992 and feel that is adequate to make retirees whole based on the years of service.

424 MR. SATCHELL: Yes. We do believe that Option 3 does make them whole based on their years of service. The fact they will be receiving

some exemption does justify a lower figure than the 9.89. Our attorneys have indicated to us that if we treat it as a group as a whole, that meets the requirement. We believe politically it would be possible to pass Option 3.

TAPE 94, SIDE A

010 CHAIR HILL: We are okay in understanding your recommendation and what the option would do. It would provide the same schedule for active employees and retirees; there would be no differentiation. It would not be retroactive. It would kick in on the effective date of the act. We have the estimated fiscal impact.

020 JACK SOLLIS, representing the Committee for Equalized Tax Treatment of Public Retirement benefits: After listening to the past testimony, I am rather confused. I look at amendment SB 656-2 with one to seven percent on active and retired employees. Is that the option the coalition favored?

023 CHAIR HILL: That is correct.

025 MR. SOLLIS: Then I think you have a problem because the retired people are left holding the bag. The active people still have an opportunity to decide when to retire knowing what their increase will be. People who are already retired do not have that option and made commitments on withdrawing their deferred compensation, what type of pension plan they were taking and everything else based on the assumption they would not be taxed. Therefore, I feel unless the

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SB 656-3 are adopted, there is still going to be a lawsuit. The -3 take care of the presently retired people at 9.89 and that percentage point could be reduced to 9 percent or something like that and then provide for the active members a schedule increase based on the years of service. I think that is the only fair way that the retired people can be treated. On the tax bill, the information from the committee indicated that 63 percent of the benefit under that bill would go to private retirees. About 10-12 percent to federal civilian retirees and bringing up the rear with a very small amount was federal military and PERS. So the tax exemptions that are going to benefit anybody in PERS under that bill are pretty slim.

The thing that interests me is the fact that private retirees pay on the average of \$205 a year in taxes, based on figures in the Department of Revenue. This tax break will probably cut their taxes about \$80 to \$100. But the people who get shafted are the present retirees because we are paying for it. I feel that when we retired we fulfilled all the elements of the contract and under either contractual or estoppel law, we have a good case. That is why I think the -3 amendment is the proper one. You may want to lower the percentage on it, but it still has to be nine percent or somewhere in that vicinity or you are not making those people whole.

056 As regards the use of social security in the manner they did, the Constitution says that benefits shall not be used in computing the tax

liability of any person under the law. I don't know how you can give an exclusion, then subtract social security from it and give them a tax credit and say it is not being used in computing the tax liability. The only people who really benefit from that are the federal civilian retirees who didn't go under social security until 1985.

065 It bothers me after having spent 28 years in the attorney general's office that it may be legal and constitutional, but to me it isn't morally right to use social security as a means of figuring a tax credit. That is something the Legislature has to decide. I feel very strongly and I know that I represent the committee and several thousand other PERS retirees who have expressed their desires to us. The -3 amendments take care of the active employees for the future; they know where they stand. I think the retirees are entitled to be made whole because they are beyond the point of no return. They can't change anything.

086 LELAND JENSEN, Association of Retired Oregon State Employees: I had prepared written testimony (EXHIBIT C), but I had not read the amendments and therefore I will totally disregard my prepared testimony. I think Options 2 and 3 are extremely unfair to persons who have retired with less than significant years of service. I think a good active faculty person probably teaches at two or more universities during his/her lifetime. As such, they may be career faculty, but they are not career faculty at Oregon. We are now looking at taxing their total benefits at nine percent because almost anybody who has worked a lifetime, the spouse included, and if you take the social security of husband and wife, the national figure is something like \$14,500. That does not leave much out of the \$15,000. Consequently, the persons who are going to be phased in at one to three percent because they have worked less than a full 30 years are going to suffer financial loss if either Option 1 or Option 5 is not implemented. It says this will be based on the total retirement regardless of how long the person worked. They may have worked but not that many years in Oregon.

That doesn't include myself; I have 32 years on the faculty at Oregon. I am thinking about the rest of the people in our group who will suffer significant reduced benefits.

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He reviews his prepared statement (EXHIBIT C).

147 CHAIR HILL: I would like to have some additional (cost) runs made as to who is being kept whole and who isn't. 155 SENATOR SHOEMAKER: I would like to have runs on the dollar-for-dollar. 162 MS. TALBOTT: I will try again. They did attempt, in Option 3, to come up with a figure, but it is difficult to predict dollar-for-dollar what people will owe on their tax and what the refund would be. The \$18 million they came up with for one year is probably as good as they can do. 167 CHAIR HILL closes the public hearing on SB 656 and opens the public hearing on SB 735.

(Tape 94, Side A) SB 735 - INCLUDES EMERGENCY TELEPHONE WORKERS WITHIN DEFINITION OF POLICE OFFICER FOR PURPOSES OF RETIREMENT UNDER PUBLIC EMPLOYEES' RETIREMENT SYSTEM - PUBLIC HEARING

WITNESSES: Mary Botkin, AFSCME Anne A. MacDonaugh, Emergency Communications Operator II Linda H. O'Laughlin, Dispatch Supervisor for Clackamas County 911 Frances LaMarche, Emergency Telecommunicator in Clackamas County John Stark, representing himself and profession

211 MARY BOTKIN, AFSCME Council 75: I will not testify but simply allow our members to testify. They can talk about what they do in the 911 centers much better than I. This is the second session we have introduced this legislation. We are also providing legislation which will mandate that the Bureau of Police Standards and Training (BPST) begin to train all 911 communication center operators. We believe that will bring some continuity in the training so that those people who live in the rural districts get the same kind of training as those who live the metropolitan districts. 235 ANNE A. MacDONAUGH, Emergency Communications Operator II: I work for the City of Portland but am here as a private citizen who works in the field. She submits three documents: a Portland Police Department General Order, a recent article from The Oregonian, and an article from a recent trade magazine (EXHIBIT D) and plays tapes of routine calls and dispatch situations and describes routine duties and responsibilities.

TAPE 93, SIDE B

020 MS. MacDONAUGH continues with her presentation.

051 SENATOR SHOEMAKER: Can you give us an idea of pay ranges?

055 MS. MacDONAUGH: It ranges throughout the state because agencies are small and large. My base salary is \$31,000 and that is five years of service. I think we are in agreement that the salary is not the problem. In Lakeview, Oregon, for example, it is half of what I make.

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- Page 8

063 SENATOR SHOEMAKER: What is the value of the benefits?

064 MS. MacDONAUGH: My health and dental insurance which is paid by the City is approximately \$900 a year. My employer picks up my PERS contribution. My overtime is at time and onehalf.

072 SENATOR SHOEMAKER: What about training?

072 MS. MacDONAUGH: It varies throughout the state which is one of the reasons the BPST is going to take us over. Because we are computerized, it takes 14 months from hire date to have a viable employee.

080 SENATOR SHOEMAKER: Do they give you training on life saving?

080 MS. MacDONAUGH: Absolutely. I think we have a very excellent program and we have a nationally recognized triage system.

089 SENATOR SHOEMAKER: During the 14 month apprenticeship program, what is the salary range?

091 MS. MacDONAUGH: I think they start at \$9 plus an hour.

101 LINDA H. O'LAUGHLIN, Dispatch Supervisor for Clackamas County 911: The views I am expressing here today are those of the people I work with, not necessarily those of Clackamas County. I ask that you vote for this bill to put our future retirement in line with those of other people in like professions, i. e. police and firemen. Just as police and firemen protect lives and property, so do we, sometimes indirectly, sometimes directly. Directly through emergency medical instructions.

As the manager responsible for recruiting qualified applicant, I have a great deal of difficulty attracting people to this profession. Even though pay is in line with other beginning professions, the conditions aren't. There are few people who can do this job and fewer who want to. We often have trainees quit just because of the atmosphere.

CHAIR KERANS returns to the meeting.

160 FRANCES LaMARCHE, Emergency Telecommunicator in Clackamas County: I represent myself and about 800 other in the profession. That number is provided by the Department of Training in Oregon Emergency Management. As communicators we are a viable part of police and fire emergency services. Without us they would not know where to go or how to respond to assist the public. She reads a statement from a former communicator from Clackamas County telling of required personal contact in the dispatch center with a previous caller who was mentally disturbed.

There is still a high turnover rate, the ability to attract communicators is difficult with little incentives. Yet those of us with more than 10 years of experience continue in spite of recommendations to quit or get out. We urgently need for you to address the inequities in the system where responsibilities are equal but are rewarded differently. I request that you send SB . These minutes contain material which paraphrase and/or summarize ~ emc nte made during THB ~ session. Only text enclosed in quotation marks repon a ~peAker'e exact word~. For complete contents of the proceedings, please refer to the tapes. - Senate Commi - e on Labor May 8, 1991- Page 9

735 out of committee. 211 JOHN STARK, and employee of the Clackamas County 911 Center: I am here to represent the 911 operators profession, not necessarily Clackamas County. I began in emergency dispatching 17 years ago in police and fire medical dispatching. In many ways, prior to that dispatching was limited to one person answering the phone and writing the addresses on a black board. Dispatching has evolved from that point to a communication system that is designed to take multiple calls from various jurisdictions and dispatch to a combination of field units specifically designed to handle different types of incidents.

Dispatchers, like the police and fire responders in emergency service teams, are trained to know what types of incidents can be resolved by what typical responses. The volume of activity has increased to hundreds of calls per day. A number of persons working in dispatch activities eventually move from the dispatch office to police or fire fighters partially because of familiarization they gain in dispatch operations and also because of the enhanced retirement plans provided. In addition, they are in many ways more able to deal emotionally with the distressing calls by responding to the scene first hand rather than being in the frustrating position of attempting to provide assistance over the phone.

With the merger of small specialized dispatch centers into larger multi-purpose centers, in many ways the level of dispatch activity has been concentrated to one location without an increase in dispatch

personnel and in many cases a decrease in personnel available to process an increasing level of activity.

Citizens expect to be talking to an experienced professional when they call that will be able to solve their emergency for them. Due to this increased expectation, dispatchers have participated in much advanced training to compliment the actual hands-on service provided by the line responders. Many dispatchers have participated in identical training along side police and fire fighters.

253 Dispatchers encounter emotional devastation leading to burn out. This leads to inadequate staffing which perpetuates the cycle. There has been difficulty in attracting applicants to a job comprised of factors providing more anxiety than rewards. The dispatcher has to receive and evaluate information the same as the responders would if they were faced with the same information. Also there is an apprehension knowing that every word you hear and say is being monitored and may cost someone else's life or your job and livelihood for your family is ever present. There is a very low margin for error.

278 There are presently very few retirees from the emergency telephone operator profession. I know of no one that has ever retired from the profession. We need to provide some light at the end of the tunnel. Many persons have spent years of dedicated service to local emergency dispatch centers to finally change occupations for something less emotionally demanding. This solves the problem for them but puts the public in the position of having to pay for training new persons for critical communications positions. In many cases dispatchers only stay on for a few years. In many centers the turnover is so bad there is presently open enrollment for employment applications. Very few persons could or have withstood 30 years as an emergency telephone worker. We need to find ways to encourage present employees to stay on the job until retirement and properly compensate them for dedication and the expertise they provide for the citizens. I

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Page 10

urge passage of SB 735 to include emergency telephone workers within the definition of police officer for purposes of retirement under PERS.

The following are hereby made a part of these minutes: Legislative Fiscal Analysis on SB 735 (EXHIBIT M), and letters in opposition from the City of Eugene (EXHIBIT N), and City of Portland (EXHIBIT O).

312 CHAIR KERANS closes the public hearing on SB 735 and announces that the committee will have the parties report on their negotiations on SB 1035, hear the police and fire designation report in relation to SB 1106 and have a hearing on SB 138. He also announces that SB 656 will be considered another day along with SB 583. The committee will also hear testimony on SB 104 1, followed by SB 632. SB 1002 will be carried over to another agenda.

(Tape 93, Side B) SB 1035 - ALLOWS RETIREMENT PLAN ADOPTED BY TRANSPORTATION DISTRICT OR MASS TRANSIT DISTRICT TO INTEGRATE OR PARTICIPATE IN PUBLIC EMPLOYEES' RETIREMENT SYSTEM. - PUBLIC HEARING

WITNESSES: Jim Markee, Amalgamated Transit Union Dick Feeney, Tri-Met
051 JIM MARKEE, Amalgamated Transit Union: SB 1035 is before you at
the request of the Transit Union. For the last several years Mr. Feeney
and myself have discussed some way to bring the employees of Tri-Met
into the PERS system. Presently close employees are under a different
system which is somewhat inadequate. Those negotiations broke down this
last year and hence the bill. Since the introduction of this bill the
union and Tri-Met management have met. Mr. Feeney and myself were there.
I believe we have come to an agreement in which we will begin
negotiations on some type of integration into the PERS system in the
next month. We have agreed, based on that meeting's outcome, not to
proceed with SB 1035 in its present form and would ask the committee's
indulgence while we continue to explore for the next few days. If any
legislation is needed to create the situation we want created, we would
be asking the committee at a later date to possibly amend this bill to
create legislation that might be required to proceed. 388 DICK
FEENEY, Government Affairs Director, Tri-Met: That is our understanding.
We did have the meeting. At this point we are under the impression that
legislation would be needed and the union has agreed to help us work
that out. We have drafted an amendment that has gone through Legislative
Counsel (EXHIBIT P), but we believe it is a good concept but not
something we are ready to sign off on at this time. We will work
together to support an amendment. A prepared statement submitted by Mr.
Feeney and Rick Van Cleave of Lane, Powell, Spears, Lubersky, is hereby
made a part of these minutes (EXHIBIT E:). 424 CHAIR KERANS closes
the public hearing on SB 1035 and opens the public hearing on SB 1106. .
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(Tape 93, Side B) SB 1106 - RELATING TO PUBLIC EMPLOYEE RETIREMENT -
PUBLIC HEARING & WORK SESSION

WITNESSES: Sheryl Wilson, PERS Bob Anders, PERS Rollie Rousseau,
Department of Fish and Wildlife Pat West, Oregon State Fire Fighters Ken
Davis, Law Enforcement Data System staff

426 CHAIR KERANS: The committee will recall that we had an extensive
discussion of this subject earlier when we got bogged down in SB 138 and
came back to the question of the Police and Fire (P & F) report which
was developed during the interim. I am depending upon the committee to
recall the report, without having to go through the recommendations in
detail, and be prepared to adopt in SB 1106 the intent of the P & F
report.

TAPE 94, SIDE B 010 SHERYL WILSON, PERS: As you are aware, having seen
the report before, we were commissioned by former Governor Neil
Goldschmidt after his veto of three pieces of 1989 legislation which
would have included three separate groups into P & F coverage in PERS to
go forth and study and give the legislature some criteria or objective
standards for bringing people in or rejecting them from P & F coverage
within the system.

The SB 9999-6 amendments are hereby made a part of these minutes
(EXHIBIT F).

You are probably very aware of the fire fighters side. The P & F equation
is fairly straight forward and there are not very many classes of folks
in it. However, there are many, many classes who have already been

included in the police side of the equation. A subcommittee of the board was created and came up with some recommendations which you will have before you in amendments to SB 1106.

Currently, those who are under P & F status under PERS are grandfathered in under the law as it currently is in effect. For persons hired on or after enactment of SB 1106 in its amended form, for fire fighters the elements of fire suppression and control must be included in their job description as a primary duty. In order to provide for professional growth within the fire service, folks who move to their fire service training commission and to administrative positions within the fire bureaus could retain their police-fire status if they had at least five years of line work as a fire fighter in Oregon. Volunteer fire fighters are specifically not included and that is not different than now. The board recommended one addition which is 73 full time and permanent employees of the Oregon Department of Forestry who are fully involved with fire suppression and control. It limits the ability of folks to carry police and fire status into the positions in which they are currently unless they have the five years of Oregon basic fire service on the line.

051 The challenge for police officers was much more complex. There are many, many classifications delineated in statute and also administratively authorized by local governments, police jurisdictions. For the officers on the street, the board used the same approach as for the fire fighters. That is, if they have a certification by the Board of Police Standards and Training or

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commissioned by the State Police, if their primary duties are as a full time police officer, and to provide professional growth within the law enforcement profession, if they have served under the basic level officer classification for five or more years, they may carry their police-fire designation as they move up into management or are on the staff of the BPST. There is a second screen. It describes the functions and the danger and full-time involvement of individuals who are not wearing badges and carrying guns and wearing uniforms.

084 The matrix shows figures under current law and proposed amendments. The estimated members in classes to be added are: juvenile parole and probation officers, 34; correction officers at juvenile detention facilities, 200; employees working with the committed insane, 650; employees of the Department of Forestry who are working in the forestry correction camps and supervising felons, 25.

099 SENATOR SHOEMAKER: Do you believe this matrix represents all public employees who appropriately belong with this classification?

100 MS. WILSON: This matrix represents what the subcommittee and the full board of PERS agreed should be in.

127 SENATOR SHOEMAKER: Does this matrix include everybody who is presently receiving those benefits?

129 MS. WILSON: I think there is just one more category, the Department

of Agriculture livestock inspectors, who are currently in the law specifically as being P & F status. According to the Department of Agriculture there are no more of those and they are not intending to hire them.

137 CHAIR KERANS: Do your amendments strike the livestock enforcement personnel statute?

138 MS. WILSON: The amendment before you does not include the livestock inspectors. If this amendment (EXHIBIT F, is substituted for SB 1106, it will be taken care of. If there should be anyone in that classification, which we understand there are none, they would be grandfathered.

147 SENATOR KINTIGH: A lot of the Department of Forestry fire line personnel will work in fire for a while, but then will move on to other types of work. How does that operate?

152 MS. WILSON: We have that situation in other areas as well. While serving in a position that is designated as P & F, they enjoy P & F benefits. That piece of it stays in their career. When they move into general service positions, the benefits accrue on that basis and the two are put together at the time the individual retires.

162 SENATOR KINTIGH: Then it is on a percentage basis.

MS. WILSON: That is right.

SENATOR BROCKMAN: There are brand inspectors in the Department of Agriculture.

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175 BOB ANDERS, PERS: In today's statute, they are talking about employees of the Department of Agriculture who are classified as livestock police officers by the department. They have none, nor do they intend to have. Brand inspectors are not covered under this because they don't meet the specifications.

190 CHAIR KERANS opens the work session on SB 1106. 192 MOTION: CHAIR KERANS moves that the SB 9999-6 amendments (EXHIBIT F) BE ADOPTED as amendments to SB 1106. 195 VOTE: CHAIR KERANS, hearing no objection, declares the motion CARRIED. All members are present.

202 ROLLIE ROUSSEAU, Deputy Director, Department of Fish and Wildlife: I am representing the employees of the department asking for a request to have an add on to SB 1106. The SB 7778-1 amendments are hereby made a part of these minutes (EXHIBIT G). It is not police and fire, but it is a related item. It allows employees with the State of Oregon to buy back credit for PERS. The employees would pay the employers contribution, employees contribution and interest. It should have little effect on the account. We have employees who have gained seasonal time over their career by working during the summer while going to college and serving internships with state agencies. Some employees have from nine months to 16 months of seasonal time. 232 PAT WEST, Oregon State Fire Fighters: This is a good bill and should pass.

238 KEN DAVIS, representing certain members of the Law Enforcement Data System (LEDS) staff, submits a prepared statement in support of SB

1106 (EXHIBIT Q): We have looked at the PERS recommendations. We ask the committee to look at an amendment to it to cover existing LEDS employees. Several of us were hired under the assumption that we would be under that and have fought and worked long and hard for its passage. The P & F recommendation covers future hires with the five year requirement. It does not address the existing staff. We ask that you pass the amendment. The following are hereby made a part of the record: Legislative Fiscal Analysis on SB 1106 (EXHIBIT R) and a letter to Ms. Sheryl Wilson, PERS from Milliman & Robertson, Inc. regarding the fiscal impact of unused sick leave (EXHIBIT S). 267 CHAIR KERANS closes the public hearing on SB 1106. The committee has the amended bill. The amendments that were adopted strike everything after the relating clause in SB 1106. 272 MS. TALBOTT: I assume that the committee's intention is to not adopt the original SB 1106, but to put in the SB 9999-6 amendments. The committee has a house bill which contains the same language as SB 1106 which could be amended and sent back to the House in a faster manner. 294 MOTION: CHAIR KERANS moves that the SB 7778-1 amendments be adopted as amendments to SB 1106.

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295 VOTE: CHAIR KERANS, hearing no objection to the motion, declares the motion CARRIED. All members are present. 296MOTION: CHAIR KERANS moves that SB 1106, as amended, be sent to the committee on Ways and Means with a DO PASS recommendation. 299VOTE: CHAIR KERANS, hearing no objection to the motion, declares the motion CARRIED. All members are present. 300 SENATORS HILL, BROCKMAN and KINTIGH leave the meeting to attend other meetings. CHAIR KERANS declares the meeting in recess at 8: 15 p.m. 310 CHAIR KERANS calls the meeting back to order and opens the public hearing on SB 138.

(Tape 94, Side B) SB 138 - CSD EMPLOYEES DEFINED AS POLICE OFI ICERS - PUBLIC HEARING

320 CHAIR KERANS: Was the effective date of August 1, 1990 in SB 1106 the effective date in the agreement you had in the administrative decision that had been reached earlier on these employees? 335 MARY BOTKIN, AFSCME: That is correct. We need SB 138 only because these folks are already in the system. This bill does not need to go to Ways and Means and I am a little concerned with the Ways and Means problems that this bill could get bogged down and these folks could lose their retirement benefits. 359CHAIR KERANS: I expect SB 1106 has enough force to get through.

367 MS. BOTKIN: I just know that I have 34 people who are going to lose something if they don't get through to the other end. The rest of the group, while I am supporting them, aren't going to lose anything; they just won't gain anything.

370 CHAIR KERANS: Let's keep SB 138 in our possession for the moment. We will let SB 1106 go to Ways and Means and ask for some cla ification from Ways and Means on the question and if necessary we will duplicate the work there in SB 138 if we think there is some problem. A letter received from the Association of Oregon Counties indicating they have no position on SB 138 is hereby made a part of these minutes (EXHIBIT T). 375 CHAIR KERANS closes the public hearing on SB 138 and opens the public hearing on SB 1041.

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(Tape 94, Side B) SB 1041 - ALLOWS CERTAIN PUBLIC EMPLOYEES WHO TRANSFERRED TO ANOTHER PUBLIC EMPLOYER AND ELECTED TO CONTINUE PARTICIPATION IN PRIOR EMPLOYER'S RETIREMENT SYSTEM TO REVOKE THAT ELECTION. - PUBLIC HEARING

WITNESSES: Randy Leonard, Portland Fire Fighters Mike Brown, Portland Fire Fighters Marge Kafoury, City of Portland David Smith, City of Portland

403 RANDY LEONARD, Portland Fire Fighters Association: We requested that SB 1041 be introduced to address a specific problem that exists in the City of Portland as regards the pension system of police and fire are under. In 1984 the City of Portland took over Fire District 10 which had 275 members. The statute reads the same now as then and allowed those fire fighters that came over to choose to come into the Portland police and fire system. The Fire-Police Pension Board at that time required those coming over to pass physical fitness tests and psychological tests before they were allowed to come into the Portland system. We are introducing this bill to clear up what we think was a misapplication of the statute at that time. They excluded from the system people such as Lt. Brown. The other issue was the successful reform of the Portland pension system in 1989. It dramatically changed the system. We think the spirit of the statute is such that it would like to have employees who are working for the same employer, all Portland fire fighters, to have the opportunity if they want to choose the same pension system. This would extend that philosophy that was originally in the statute to give the police officers and fire fighters one more 90 day grace period to take a look at whether to stay in PERS or to move over to the Portland system. Another issue was that the board at that time would not allow the fire fighters such as Lt. Brown to carry over their previous service time. It was as though they were starting as brand new employees.

TAPE 95, SIDE A

036 MIKE BROWN, Portland fire fighters: When Fire District 10 merged with Portland I had 13 years in the fire service. If I would have switched over to Portland's plan, they would have put me down to zero, losing the 13 years I had served. They made it impossible for anybody with more than five years to switch over to the Portland plan.

045 MR. LEONARD: This is a last man's club. As PERS fire fighters

retire, they are replaced with Portland fire fighters. Eventually everyone will be under the Portland system.

057 MARGE KAFOURY, representing the City of Portland, introduces David Smith, Treasurer.

056 MS. KAFOURY: In the interest of brevity we are trying to shorten our testimony (EXHIBIT H) in opposition to the bill in the interest of saving the city some money. 065 DAVID SMITH, Treasursr, City of Porthnd: Currently, the city has 203 fire end policemen who are in PERS and 1,255 in the city plan. He reviews the reasons stated in his testimony for

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opposing passage of this bill (EXHIBIT H). 129 SENATOR SHOEMAKER leaves the meeting to attend another meeting.

131 CHAIR KERANS closes the public hearing on SB 1041 and opens the public hearing on SB 632.

(Tape 95, Side A) SB 632 - ALLOWS PUBLIC EMPLOYER VVHO IS NOT PARTICIPATING IN PUBLIC EMPLOYES' RETIREMENT SYSTEM TO ELECT TO BECOME PARTICIPATING EMPLOYER AND DESIGNATE CLASSES OF EMPLOYEES TO BECOME MEMBERS OF.SYSTEM. - PUBLIC HEARING

WITNESSES: Susan Slack, Jackson County Senator Paul Phillips, Senate District 4 Chuck Mendenhall, OPEU Sheryl Wilson, PERS Steve Rhodes, City of Tualatin

143 SUSAN SLACK, Assistant County Administrator, Jackson County, Oregon, submits and reads a prepared statement in support of SB 632 (EXHIBIT I). 199SENATOR PAUL PHILLIPS, Senate District 4: This is a good bill and should pass. 206 CHUCK MENDENHALL, OPEU: We also support passage of SB 632 with two small modifications. I am concerned about the broad application of the bill without some amendments that would disallow an arbitrary application of the measure. I think we can borrow language from last session which was incorporated into SB 211 which talked about the intent of the employer to bring all classes of employees into the system. I offer that as a conceptual and friendly amendment. The other conceptual amendment would be that I believe it should be the intent of the employer of the system to provide that no employee would be negatively affected by the transfer from one system to the PERS system. I believe we have language in Section 2 (2), (3) and (4) which would make that difficult to accomplish. The language would require PERS to accept all employees in a given class. I would suggest we make allowances in that language to grandparent individuals who would be disadvantaged by the incorporation into the PERS system to allow those people a one-time option to stay in the existing retirement system. 291 CHAIR KERANS: Do we know how many of these remaining system are out there?

299 SHERYL WILSON, Administrator, PERS: I don't think we do. We know precisely how many police and fire there are because we have to test them periodically against the benefits in the PERS system. There aren't very many and there is movement each year to include more of these little systems in PERS. We are not talking about vast numbers.

312 CHAIR KERANS: Would you try to find out how many there are and what would be the impact on PERS if we bring in new folks?

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317 MS. WILSON: There is no impact. They will pay their own way as do current members. We do not have an objection to the bill.

321 CHAIR KERANS: Other employers will be left with stragglers in their systems. We need to find out about that.

327 MS. WILSON: There is a method within the law called integration which allows people to bring in prior service or to avoid the kinds of situations that Mr. Mendenhall spoke about. Integration, however, anticipates that prior service in some way will be brought into PERS. Probably simple language in the bill that would direct that no individual should be harmed would not mean the person would have to stay behind, but an agreement could be struck through the integration process that would protect any individual.

253 CHAIR KERANS: Would you assist counsel in pursuing that?

363 MS. TALBOTT: Do you have a problem with the language in ORS 268.240(4) where it talks about when a district enters into a contract with the board? 376 MS. WILSON: We would have no problem with the language Mr. Mendenhall was referring to in SB 211. We are willing to take everyone that comes and pays their own way. 392 STEVE RHODES, City Manager, Tualatin: If we could have language that didn't lock us into a time frame, I think that would be acceptable. We have twice now had our bargaining unit tell us they do not want PERS. If you give us an end date, they are going to be forced into PERS whether they want it or not. Part of our organization does want it. So if we opt to put part in, we are locking the other part into having to go into PERS. Letters received by the committee in support of SB 632 but not presented to the committee are hereby made a part of these minutes: City of Tualatin (EXHIBIT J), Jackson County (EXHIBIT K), and League of Oregon Cities (EXHIBIT L). 420 CHAIR KERANS declares the meeting adjourned at 5:31 p.m.

Transcribed and Reviewed by: submitted by: Annetta Mullins Annette
Talbot Assistant Committee Counsel

EXHIBIT SUMMARY

A - SB 656, Options for PERS benefit increases, Sen. John Kitzhaber B
- SB 656, summary of proposed amendments and SB 656-1 through SB
656-7, SB 999 9-9 and SB 583-1 amendments, staff C - SB 656, prepared
statement, Leland Jensen D - SB 735, Portland Bureau of Police
General Order, Anne MacDonaugh E - SB 1035, prepared statement, Dick
Feeney

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F - SB 1106, SB 9999-6 amendments, Sheryl Wilson G-SB 1106, SB 7778-1 amendments, Rollie Rousseau H - SB 1041, prepared statement, David Smith I-SB 632, prepared statement, Susan Slack J - SB 632, letter, City of Tualatin K- SB 632, letter from Jackson County L - SB 632, letter from League of Oregon Cities M - SB 735, Legislative Fiscal Analysis, staff N - SB 735, letter from City of Eugene O - SB 735, letter from City of Portland P -SB 1035, SB 1035-1 amendments, Dick Feeney Q- SB 1106, prepared statement, Ken Davis R- SB 1106, Legislative Fiscal Analysis, staff S -SB 1106, letter to Sheryl Wilson from Milliman & Robertson T- SB 138, letter from Association of Oregon Counties

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