

WITNESSES Cont.     SB 517

Walter Baglien, Private Citizen, Veteran  
Senator Nancy Ryles  
Bob Simonsen, Private Citizen, Beaverton  
Bob Henry, Private Citizen, Beaverton  
Jim McGoffin, PERS  
Albert J. King, Private Citizen  
Thomas I. Kramer, TRFA  
Lt. Col. Melvin Schwartz, Oregon National  
Guard Assoc.  
Dr. Fenwick, Portland

SB 315

Jim McGoffin, PERS  
Kirk Berger, AOC, LOC  
O. Bowman, Self  
Bill Thompson, Self

Tape 47 - A

SB 368

005     VICE-CHAIRPERSON McCoy called the meeting to order at 1:30p.m. He announced that SB 137 would not be heard, unless there was someone present to testify. He asked that correspondence which had been received be read into the record.

014     A letter, dated March 29, 1983, from the Oregon Public Employees' Retirement System clarifying the fact that SB 368 was not a buy back bill. The letter, signed by Kenneth Maul, Deputy Director, is marked Exhibit "A".

026     MR. McNAMARA, Portland School District presented written testimony on what the impact on SB 368 would be, (See EXHIBIT A).

144     VICE-CHAIRPERSON McCOY closed the hearing on SB 368 and opened the hearing to SB 372.

SB 372

175     HEIDI BIOLKOWSKY works for Senator Kitzhaber. She appeared on behalf of Doug Ladd who came up on Monday. She read his prepared testimony into the record marked (EXHIBIT C).

203     MR. JAMES MCGOFFIN, Director, of PERS pointed out for this individual to recover this service would require a funding of \$35,035 to properly raise the reserves needed to fund his benefits. It is

Tape 60 - B cont.

367 SEN. SIMMONS asked if the individual can draw his retirement from the first job?

368 MR. McGOFFIN stated no, he can not if he is in a covered position.

369 SEN. SIMMONS stated, so he would have to go to an outside employment if he wants to draw his retirement and work also.

405 MR. McGOFFIN submitted (EXHIBIT E)

SB 137 ✓

Tape 61 - A

020 KENNETH JONES stated they had two amendments to be considered and entered in the Bill because the Bill provides a vehicle for two items that they are requesting to help them in their administration of employee salaries and retirement. On Page 2 of the printed Bill, line 27, after employee, insert to correct a clerical error "or". The reason for the request is that it is located in that provision define salary for purposes of establishing a retirement base. There may be times and there have been times where clerical error has occurred even tho the employee has met all proper procedures and timely applied for additional salary which appropriately should be in the base but does not get into the base because of clerical error by the employer resulting in payment after the close of the retirement date. The second amendment is on Page 3. After line 2 insert "payments for instructional services rendered to institutions of the Department of Higher Education when such services are in excess of full time employment already subject to ORS etc.....persons employed under a contract for less than twelve months are subject to this subsection only for the months to which their contract pertains." Basically what this does is allow us to pay our regular faculty through the salary accounts for those extra services if they provide to our continuing education and community education program. They encourage the regular faculty to participate in the community education program because they are the best employee qualified to provide that kind of course. It's for seminars, work shops, etc., which are fully self supporting. Because they are fully self supporting they need to offer them at reasonable cost to the public. To do so through the salary structure means they have to incur that higher 18 percent retirement contribution. The amendment excludes from salary payments for overload services by regular full time faculty so that it is not included in the retirement base. See (EXHIBIT F)

Senate Commerce, Banking and Public Finance  
April 18, 1983  
Page 12

Tape 61 - A cont.

068 CHAIRPERSON COHEN adjourned the hearing at 3:10 p.m.

Respectfully submitted,

Carol Parsons

Typed By

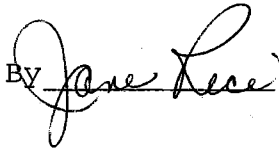


EXHIBIT SUMMARY: SB 666  
A. Jim McGoffin (2 pages)

SB 181  
C. Don Eppley (1 page)

SB 137  
D. Jim McGoffin ( page)  
E. Jim McGoffin (2 pages)  
F. Kenneth Jones (1 page)

Tape 62 - B cont.

347 FRED MICHAEL, 5736 S.E. Woodward St., Portland, spoke in behalf of civil deputies and for clarification of whether civil deputies have been inadvertently omitted from the retirement program as police officers. Mr. Michael stated his reasons of why he believes the civil deputies should be included in that designation.

360 MR. MICHAEL described in detail the duties of a deputy sheriff in the civil division, and referred to the "Multnomah County Sheriff's Manual" and the "Guide of the Oregon State's Sheriff's Association Civil Manual."

Tape 63 - B

002 MR. MICHAEL in reply to SEN. SIMMONS said that civil deputies are absolutely forbidden to carry firearms. Discussion.

050 DEFOREST L. WOOD, 592 6th St., Lafayette, presented written testimony (See EXHIBIT I).

110 TED KLAUSEN, Civil Deputy, Multnomah County Sheriff's Office, spoke in support of SB 602 and described his job of enforcing court orders and the dangers involved in that occupation. Mr. Klausen presented a sample of notes to him regarding some of the calls he must go on in his job (See EXHIBIT J) and an Oregonian article dated June 11, 1978 (See EXHIBIT K).

216 L. KIRK BERGER, Association of Oregon Counties and League of Oregon Cities, stated those organizations opposition to SB 602.

286 JIM MCGOFFIN, Director, PERS, stated the PERS Board's opposition to SB 602 and presented an impact statement prepared by Milliman & Robertson, Inc., Consulting Actuaries, of SB 602 (See EXHIBIT L). Mr. McGoffin also stated his and the board's opposition to SB 708 heard earlier in the meeting.

SB 137

352 JIM MCGOFFIN, Director, PERS, presented an overview page by page and line by line of SB 137 (See EXHIBIT M).

Tape 64 - A

MR. MCGOFFIN continued with his overview of SB 137.

SB 328

234 MR. MCGOFFIN discussed briefly amendments that will be presented to SB 328 which is in the Senate Education Committee. It is their conclusion that with the amendments particularly in the area of the 10-year service requirement and recovery of one year for every three years of having worked, there will be a minimal cost to the system and will help alleviate the restoration problem in this omnibus buy-back bill.

260 The committee discussed at the suggestion of SEN. FRYE the other bills SB 328 would have an impact upon.

270 CHAIRPERSON COHEN stated the committee will compare the bills that are in the Commerce Committee and those particularly those impacting SB 328 even though the bill is in another committee.

Tape 64 - A cont.

SB 137

287 BILL LEMMON, Vice Chancellor, State System of Higher Education, spoke regarding proposed amendments to SB 137 numbered SB 137-1 and dated 4/27/83 and support of the bill.

308 DON TULL, Professor, School of Business, University of Oregon, appeared in support of SB 137 and response to SEN FRYE explained the reasons for the proposed amendment submitted by Sen. Frye numbered 137-1 and dated 4/27/83. An earlier question of whether faculty members had signed agreements with the understanding that the incentive pay that was involved in the agreement, generally six percent at the U of O, would be included in the salary on which the calculation was made with regard to retirement pay, and the answer is yes. Prof. Tull gave himself as an example explaining the details.

347 PROF TULL continued adding a concern. Universities have a special need to bring in new people. There is evidence that people in the physical sciences, mathematics, etc., by age 45 have contributed to great extent the knowledge that they are going to contribute and so new young people are quite important and this program will be much more effective in permitting universities to bring in these people if the incentive pay is allowed to be a part of the base pay on which retirements benefits are based.

364 CHAIRPERSON COHEN stated there would be a work session on all of the PERS bills heard this date and there being no further business to come before the committee at this time, adjourned at 3:35 p.m.


Submitted by,  
  
Carol Parsons  
Committee Assistant

EXHIBIT SUMMARY: HB 2227  
A. Written testimony, F. Hansen, Dep. St. Treas.  
HB 2229  
B. Written testimony, F. Hansen, Dep. St. Treas.  
SB 460  
C. Written testimony, Dave Barrows, Oregon Savings League  
D. Let'r of support, Eugene L. Grant  
SB 368  
E. Written testimony, Sen. Nancy Ryles  
SB 708  
F. Written testimony, Sen. Margie Hendricksen  
G. Fiscal analysis, PERS  
H. Proposed amendments, Kramer, TRFA  
SB 602  
I. Written testimony, Deforest L. Wood, Lafayette  
J. Notes, Ted Klausen, Civil Deputy  
K. Article from Oregonian, Ted Klausen, Civil Deputy  
L. Actuarial Report, McGoffin, PERS  
SB 137  
M. Overview of SB 137, McGoffin, PERS

Tape 70 - B cont.

130 CHAIRPERSON COHEN discussed HB 2233 and SB 732 and the contents of each and announced they would both be considered on May 1.

SB 137

172 BILLY WASSON, Director, Community Corrections, Marion County, spoke to lines 18 and 19 on page 3 of the bill. Marion County is a community corrections county and attempted to take the state employees who came under county employment when they were transferred under the Community Corrections Act at the time of transfer were members of PERS in the police and fire section of the retirement statutes. Upon transfer to county employment, they are now denied acceptance and removed from the police and firemen statutes. It probably effects 30 to 50 employees statewide. who are currently supervisors and are in the PERS P & F section.

220 In response to CHAIRPERSON COHEN, Mr. Wasson state ORS 181.610, the Board of Police Standards statute which sets out the definitions of police officers, probation officer, correction officer, etc. It makes reference to parole and probation officers having the immediate supervision of clients or writing a pre-sentence investigations. It is the strict interpretation of immediate supervision of probationers and parolees would exclude the other supervisors who are supervising the parole and probation personnel. Mr. Wasson explained the situation he and others are in at the present time and requested changes in the definitions.

260 MR. WASSON in response to SEN. MCCOY stated they were assured that they would not lose any benefits when they became county employees according to the Community Corrections Act. They are in PERS, but have been excluded from that segment of PERS referred to as the police and fire section..

290 CHAIRPERSON COHEN stated what is being asked for is for Marion County designees of state supervisory personnel under that area. Discussion.

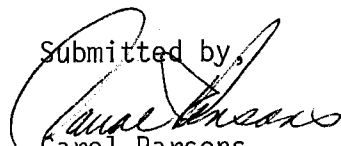
300 In response to a concern of SEN. SIMMONS, Mr. Wasson stated it only refers to adult parole and probation supervisory personnel, not the juvenile system. Discussion.

370 JIM MCGOFFIN, Director, PERS, said SB 137 is a housekeeping measure and that in their effort to be fair and equitable, a number of areas have been opened that the Committee may wish to consider. The corrections issue and the redefinition, they are trying to alleviate a clear problem. Mr. McGoffin continued with his overview of SB 137.

424 In response to CHAIRPERSON COHEN, Mr. McGoffin referred to SB 368 and the item in SB 137 concerning SB 368 is on page 5, lines 1 thru 8. It was the intention of PERS to bring at least the concept of SB 368 so that there would be an opportunity to hear the pleas and allegations of these individuals if in fact they were not able to present another bill this session. They now suggest that the concept be deleted. Legislative Counsel is working on the amendments.

455 CHAIRPERSON COHEN stated that there being no further business to come before the Committee, adjourned at 3:00 p.m.

Submitted by

  
Carol Parsons  
Committee Assistant

Tape 74 - A

002 CHAIRPERSON COHEN called the hearing to order at 1:05 p.m. and opened the Work Session on SB 137.

020 JACKIE BLOOM presented an overview of proposed amendments to SB 137 numbered SB 137-2 and dated 5/5/83.

090 JIM MCGOFFIN, Director, PERS, in answer to Sen. McCoy, they have considered in the amendment the supervisory personnel of the Corrections Division. They have given a minimum and maximum cost impact. Of the total group that have been transferred from the state to the counties, there is a maximum of 250 officers and a minimum of 65. There is a distinct and clear cost for each individual that is brought in as a PNF a payroll cost of each individual of roughly an increase of six plus percent and at the minimum of 65 people, \$80,000 per year. At the 250 level, approximately \$800,000 plus. Mr. McGoffin discussed the inclusion of other officers such as civil deputies and others and how it would impact the costs of PERS and other political subdivisions. There would be a payroll liability of an average of about .04 to .10 percent of payroll. It has never been the policy of the board to enlarge this group outside of commissioned officers and firefighters.

130 CHAIRPERSON COHEN stated the issue was whether certain people would be included as supervisory personnel with Marion County in particular. There are other counties who have included supervisory personnel and PERS does believe in including supervisory personnel. After discussion with the AG and PERS, the definition as proposed in SB 137 is adequate unless there is a wish to include civil deputies. Sen. Cohen asked the language be left alone on lines 18 and 19.

150 In response to SEN. MCCOY, Mr. McGoffin stated that for every individual added to the payroll, there will be a 6.33 increase in the employer contribution rate for the covered payroll of that individual.

165 GERARD LIEBERTZ, Asst. Director, PERS, after getting in touch with a couple of counties, believes that the figures are probably high and explained why.

185 CHAIRPERSON COHEN stated the question of the civil deputies affected 14 people. and asked that the subject be set aside. Sen. Cohen again referred to lines 18 and 19, and because of the high estimates, it would not cost as much as originally determined.

215 MR. MCGOFFIN stated that the transfer of the parole and probation officers to the counties and the dissolution of the board and the assumption of the county personnel, many of whom are covered as police officers and a few who are not. This legislation would correct that inequity.

230 CHAIRPERSON COHEN discussed the civil deputy question. The individual counties have the authority to those persons if they wish. Discussion.

285 CHAIRPERSON COHEN asked if anyone opposed leaving lines 18 and 19 as they were stated. Hearing no objection, it was decided to leave lines 18 and 19 alone.

Tape 75 - A cont.

proposed amendments to SB 136 numbered 136-1 and dated 5/3/83.

323 In response to SEN. COHEN as to whether the insurance would last as long as anyone was receiving retirement benefits, MR. BARNWELL replied that generally when someone reaches the age where they are under Social Security and Medicare, they tend to drop off health insurance, but it would continue as long as the retiree wanted to pay.

340 In response to SEN. McCOY, Mr. Barnwell stated it would be at the same group rate as the group from which the individual retired. A discussion followed regarding the experience factor and the future premium rates.

388 JIM McGOFFIN, Director, PERS, stated the amendments as described by MR. Barnwell would in effect remove the bill as a retirement bill and in creating the opportunity for individuals to remain covered with the employer forever. The experience would be with the employer and not with any other plan and it would obviously be subsidized as members of that group.

410 GERARD LIEBERTZ, Deputy Director, PERS, said the state employees are the ones PERS has coverage for outside of the regular CNA, PERS program. There are about 9,000 to 9,500 retirees enrolled, the vast majority of whom are in the Medicare supplement plan. These people, primarily schools, cities, counties employees, have left employment and for one reason or the other the employer did not allow them to continue their coverage and therefore were out in the cold until they got to be 65 and then they came under the PERS program. Or any member of PERS can come under the PERS program provided they do so within 90 days from the time they retire. If Mr. Liebertz, after 32 years, retired now on disability he would lose his coverage. They would keep him for a year but no longer. This is a group of people that should be looked at, because the cost factor is high and only a 70 percent reimbursement instead of the normal 80. If this program were put into effect, it would move it among all of the employers of the state. There would be a cost, but it would not be that monumental.

Tape 74 - B

020 MR. LEIBERTZ continued and stated the younger people should subsidize the older people until they get there. A priority of the bill should be for people who become disabled. He also suggested that the program terminate when persons reach 65.  
Discussion.

062 MR. BARNWELL referred to section 9 of the proposed amendments numbered SB 136-1 and dated 5/3/83 and stated the effective date would give people time to get used to the idea. Discussion.

087 MR. McGOFFIN stated the amendments would allow retired individuals to remain in their present active covered groups at their own cost.

089 SEN. TIMMS asked about changes actuarially to the employer, and Mr. McGoffin replied the cost of the premium is to the employee, however the experience of the retire member on that active group will affect the total claims experience differently than without the retirees.



Tape 74 - A cont.

308 MS. BLOOM stated a suggested amendment on page 3 of the printed bill, after line 28, "(m) Employees of the county who are authorized to serve and execute civil process and are classified as police officers by the governing body of the county."

340 BOB LUNDY, Deputy Legislative Counsel, stated the problem in Multnomah County is that the so-called civil deputies are not in the sheriff's office and are not employees of the sheriff, but the way the statute is written on county discretion to classify an officer as a commissioned officer or as a civil deputy. The statute is written in terms of employees of a sheriff whose duties are classified by the sheriff. The functions of a civil deputy executes and serves civil process, but in Multnomah County that person is not an employee of the sheriff so the way the present definition is written, the sheriff could not designate that civil deputy as a police officer. Discussion.

CHAIRPERSON COHEN suggested the amendment presented by MS. Bloom be considered to be included in SB 602.

438 SEN. FRYE stated the committee was overlooking the policy question of why are policemen and fire fighters treated differently from other public employees. Each time the category is added it must be based on a policy basis. Mr. Lundy was asked what other rights does it give to civil deputies.

Tape 75 - A

015 MR. LUNDY stated it would not give them any status as a police officer other than for the purposes of the retirement system. Other aspects such as arrest and carrying firearms are dealt with in other statutes. He believes that in this instance the characterization of a civil deputy as a police officer by the county governing body would be only for the purpose of PERS. Discussion.

030 SEN. FRYE stated that the civil deputies in Multnomah County must belong to some bargaining group and whether that is an avenue. However, according to Mr. Lundy, there is no category in the present statute under which a civil deputy not in a sheriff's office could be designated a police officer for retirement purposes. Discussion of hazardous duty.

083 MS. BLOOM referred to page 13 of the printed bill, line 23, and presented an overview of the amendments numbered SB 137-2 and dated 5/5/83.

125 TOM KRAMER, Attorney, TRFA, Portland, asked that the proposed conforming amendments be considered as they are designed to insure that the parallel treatment of TRFA and PERS is maintained as required in ORS 239.203 and presented an overview of those proposed amendments, numbered SB 137-2 and dated 5/5/83.

205 In response to SEN. FRYE and SEN. COHEN, Mr. McGoffin stated the reason for the emergency clause was to implement the legislation as soon as possible.

SB 136

245 RAY BARNWELL, Oregon Fire/Police Retirement Committee, presented an overview of

Tape 77-A

010 CHAIRPERSON COHEN announced an invitation from House Housing and Urban Development Committee on 5/12, 8:30 a.m., Hearing Room E, to hear testimony on investments.

HB 2229

020 CHAIRPERSON COHEN announced that HB 2229 had been passed out of Committee and asked that the motion by which the bill was passed to the floor with a do-pass recommendation be reconsidered and bring it back into committee for minor adjustments.

028 MOTION: SENATOR JIM SIMMONS moved to rescind the motion to move HB 2229 to the floor with a do-pass recommendation, hearing no objections, it was so ordered.

038 FRED HANSEN, Deputy State Treasurer, asked that Mr. Regenstreif speak to the bill.

041 ISAAC REGENSTREIF, ORBANCO, presented amendments numbered HB 2229-1 and dated 5/6/83 and stated the reasons the amendments were necessary.

060 CHAIRPERSON COHEN said she and others felt that the Municipal Debt Advisory Commission by rule could have prescribed the amendment. However, the Oregon Bank felt they wanted it in the statute rather than by rule.

065 MR. HANSEN stated the Treasurer's office did not perceive any municipality wanting to have just the state's fiscal agent and not a co-registrar within the state. It does make it clear to have it in the statute and supports the amendment.

075 SEN. SIMMONS asked if the amendment meant extra income for Oregon Banks, and Mr. Regenstreif replied there could be a fee for registration but it would be more than offset by the additional cost that accrue to the consumer for having to pay agent for having it sent to New York.

087 MOTION: SEN. JIM SIMMONS moved the committee adopt amendments to HB 2229 numbered HB 2229-1 and dated 5/6/83. There being no objection, it was so ordered.

091 MOTION: SEN. JIM SIMMONS moved HB 2229 to the floor of the Senate with a Do Pass as Amended recommendation.

095 VOTE: In a roll call vote, the motion passed with all members present voting "Aye" and Senators Jernstedt and Monroe excused.

SB 137

105 CHAIRPERSON COHEN presented amendments to SB 137 numbered SB 137-2 and dated 5/5/83 and stated the TRFA amendments are conforming legislation that apply to the Portland teachers.

128 TOM KRAMER, Attorney, TRFA, stated the amendments now addresses all of the issues required to make the bill apply equally to TRFA and PERS.

140 CHAIRPERSON COHEN stated she preferred adopting the amendments and the minor changes be made in Ways and Means.

Tape 77-A cont.

160 In response to SEN. SIMMONS, Mr. Kramer stated the conforming amendments apply only to School District #1 teachers who are members of TRFA. Discussion.

175 SEN. SIMMONS stated the "Public Employees' Retirement" in the relating clause should be lower case. Agreed.

195 MOTION: SENATOR JIM SIMMONS moved the committee adopt amendments to SB 137 numbered SB 137-2 and dated 5/5/83 with the additional change on line 2 of the printed bill, changing "Public Employees' Retirement" to "public employees' retirement". Also, on page 10, lines 13 and 14 of the amendment, SEN. FRYE moved that "administrator or executor" be deleted and insert "personal representative"

218 BOB LUNDY, Chief Deputy, Legislative Counsel, explained that the phrase appears over and over in the statutes and SEN. FRYE withdrew his motion. Also, Mr. Lundy stated that when "System" is dropped, the "Public Employees' Retirement" will automatically become lower case. Discussion. Mr. Lundy and the committee agreed that the phrase "administrator or executor" would be left in the statutes.

325 MOTION: SENATOR JIM SIMMONS again moved the committee adopt amendments to SB 137 numbered SB 137-2 and dated 5/5/83. There being no objection, it was so ordered.

333 MOTION: SENATOR KEN JERNSTEDT moved SB 137 to the Ways and Means Committee by subsequent referral with a Do Pass as Amended recommendation.

341 SEN. TIMMS stated he would vote "no" because the bill has fiscal impact and it will change the costs to individual localities. Discussion.

374 VOTE: In a roll call vote, the motion passed with Senators Frye, Jernstedt, McCoy, Simmons and Cohen voting "Aye" and Senator Timms voting "No" and Senator Monroe excused.

SB 590

398 MORTON WINKLE, Attorney, Portland, spoke in support of SB 590. It is presently the law in Oregon that if a person buys for example an automobile for their personal use on a contract paying for it on instalments, even if all of the instalment payments have been made on a current basis, the holder may include in the contract the provision that a default may be declared if the holder deems itself insecure. They may demand acceleration of all future payments or repossession of the vehicle. If the purchaser seeks to have a legal determination of the validity of that repossession, once they get into court, the holder does not have to justify that determination of insecurity, but to the contrary, the purchaser has the burden of proving that that declaration of default because of insecurity was made by the holder in bad faith, which is sonorous with dishonesty. Mr. Winkle was involved in a case of this sort. The law is in the Uniform Commercial Code 71.2080 and appears to be contradicted by another statute which preceded it, which is the Retail Instalment Contract Act, 83.660, but the Court of Appeals chose to follow the U.C.C. and did not make reference to the apparent inconsistency.

SUMMARY

SENATE BILL 137

PERS Housekeeping Measure

1. To better define salary the board proposes the amendments of Page 2, lines 22-40 and Page 3, lines 1-2. a) to prevent the inclusion of accelerated payments of contracts, travel pay or incidental expense payments, etc. -- all of which are now in our Administrative Rules, but should be statutory. The amendment will cure any ballooning effect on final average salary which would distort actuarial assumptions when computations are made setting the employer contribution rate.
2. Page 3, line 18 amendment will insure continued Police and Fire coverage for former Parole and Probation Officers of the state when transferring to county employment in positions described in ORS 181.610(5), Corrections Officer definition. Our act has never been corrected since the Board of Parole and Probation was abolished.
3. The amendment would clarify and make more logical and sensible the effective membership date of new members by allowing the six-month probationary period to run unless interrupted by 30 consecutive rather than accumulative working days. Present application is too harsh!
4. We urge the deletion of this suggested amendment as it is being heard in a separate bill (SB 368) and was only offered as an alternative accommodation.
5. The amendments would create the obligations to return not only withdrawn contributions -- upon return to employment within the statutory five-year period, but also interest that would have accumulated during the separated period. The reason for the need is the payment change from annuity to full formula. The member now receives not just the return of his contributions but a  $1.67\% \times \text{years of service} \times \text{salary}$  formula which must be additionally funded when his account balance will not meet the .67 liability.
6. The amendment would prevent a member from retiring, drawing a lump-sum distribution, with a 1% employer pension and then upon reemployment applying for a full formula benefit.  
  
Once selected, the lump-sum option would be mandatory in all subsequent retirements.
7. This amendment would maintain the validity of a previously filed designation of beneficiary, unless the

member changed the designation in writing, regardless of refunds or withdrawals.

8. This language would clear the distribution of employee accounts upon death. It would designate payment where there is no designated beneficiary -- directing payment to estate if probated, then to next of kin of no probate.
9. The amendment will clarify and speed up distribution of benefits to survivors of deceased members in both probated and non-probated estates and prevent the payment of both a death benefit and a survivor option available to a retired or disabled member within 120 days after terminating service.
10. The final amendment will place individual active and retired employee records in an exempt from disclosure status along with the majority of agency 'personal' information, the disclosure of which should be considered privileged and highly private and personal.

Amendments to SB 137 Proposed by the  
Department of Higher Education

On page 2 of the printed bill, line 27, after "employee" insert  
"to correct a clerical error".  
or

On page 3, after line 2, insert:  
"(H) Payments for instructional services rendered to  
institutions of the Department of Higher Education, when  
such services are in excess of full-time employment already  
subject to ORS 237.001 to 237.135. Persons employed under  
a contract for less than 12 months are subject to this  
subsection only for the months to which their contract pertains."

SENATE BILL 137

PERS Housekeeping Measure

- Pg. 2; L 23-40  
Pg. 3; L 1-2
1. To better define salary the board proposes the amendments of Page 2, lines 22-40 and Page 3, lines 1-2. a) to prevent the inclusion of accelerated payments of contracts, travel pay or incidental expense payments, etc. -- all of which are now in our Administrative Rules, but should be statutory. The amendment will cure any ballooning effect on final average salary which would distort actuarial assumptions when computations are made setting the employer contribution rate.
- Pg. 3; L 18-19
2. Page 3, line 18 amendment will insure continued Police and Fire coverage for former Parole and Probation Officers of the state when transferring to county employment in positions described in ORS 181.610(5), Corrections Officer definition. Our act has never been corrected since the Board of Parole and Probation was abolished.
- Pg. 4; L 11
3. The amendment would clarify and make more logical and sensible the effective membership date of new members by allowing the six-month probationary period to run unless interrupted by 30 consecutive rather than accumulative working days. Present application is too harsh!
- Pg. 5; L 1-8
4. We urge the deletion of this suggested amendment as it is being heard in a separate bill (SB 368) and was only offered as an alternative accommodation.
- Pg. 8; L 20-21
5. The amendments would create the obligations to return not only withdrawn contributions -- upon return to employment within the statutory five-year period, but also interest that would have accumulated during the separated period. The reason for the need is the payment change from annuity to full formula. The member now receives not just the return of his contributions but a 1.67% X years of service X salary formula which must be additionally funded when his account balance will not meet the .67 liability.
- Pg. 8; L 37-40
6. The amendment would prevent a member from retiring, drawing a lump-sum distribution, with a 1% employer pension and then upon reemployment applying for a full formula benefit.
- Once selected, the lump-sum option would be mandatory in all subsequent retirements.
- Pg. 9; L 21-23
7. This amendment would maintain the validity of a previously filed designation of beneficiary, unless the

member changed the designation in writing, regardless of refunds or withdrawals.

Pg. 9; L 26-27  
Pg. 10; L 18

8. This language would clear the distribution of employe accounts upon death. It would designate payment where there is no designated beneficiary -- directing payment to estate if probated, then to next of kin of no probate.

Pg. 10; L 39  
Pg. 11; L 1

9. The amendment will clarify and speed up distribution of benefits to survivors of deceased members in both probated and non-probated estates and prevent the payment of both a death benefit and a survivor option available to a retired or disabled member within 120 days after terminating service.

Pg. 13; L 19-20

10. The final amendment will place individual active and retired employe records in an exempt <sup>STATUS</sup> from disclosure status along with the majority of agency 'personal' information, the disclosure of which should be considered privileged and highly private and personal.



if it would be beneficial to self-insure for this coverage. It also would allow the 1985 Legislature to review this policy change. He added that the bill also addresses the uncertainty which currently exists in the ability of the Department of Justice to defend public officials.

Senator Brown's motion carried unanimously on roll call vote.

Senate Bill 137--Relating to the Public Employees' Retirement System; amending ORS 192.500, 237.003, 237.011, 237.111, 237.125, 237.165 and 237.169; and declaring an emergency.

Representative Simpson moved that Senate Bill 137, as amended by the Senate Committee on Commerce, Banking and Public Finance, be further amended as set out on the attachment to the printed agenda, and that the bill be reported out to the Senate "Do Pass as amended".

Representative Simpson stated that Senate Bill 137 defines what is and what is not salary for purposes of determining final average salary for retirement, and uniformly excludes for all agencies various kinds of retirement incentive programs that would otherwise balloon final average salary at the ultimate expense of all public employers.

He said other features of the bill include termination, by July of 1986, of the present one-half of one percent per month artificial adjustment to final average salary for months worked beyond a calendar year, and replaces it with a calculation based on the employees actual salary for the last 36 months worked. Another major reform is a requirement that school districts value sick leave according to the actual number of teacher contract days, as the present arbitrary 190 day provision unduly benefits administration personnel with longer contracts. He added that the Subcommittee did reject a PERS proposed amendment that would have mandated police and fire retirement eligibility for all parole and probation employees of local jurisdictions. It was felt that the present statutes are sufficient to protect individual parole and probation employees who, in 1977, were transferred directly from the Corrections Division to counties.

In response to Representative Van Vliet's concern, Ms. Kay Hutchison, Legislative Analyst, explained that in determining final average salary an amendment provided by Higher Education was included that essentially stated that any kind of a contract occurring during the term of a teacher's contract would be excluded, but any contract outside of this time period would be included. A discussion followed with regard to the buy back issue and its affect on the Higher Education institutions.

Representative Simpson's motion carried with Senator McCoy and Representative Van Vliet voting 'no' on roll call vote.

Senate Bill 184--Relating to certain salaries and expense allowances; amending ORS 171.072, 292.313, 292.405, 292.410, 292.415 and 292.425; and declaring an emergency.

Senator Thorne moved that Senate Bill 184 be amended as set out on the printed agenda, and that the bill be reported out to the Senate "Do Pass as amended".

# WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARY

Date 6/14/83

Tape 1A, 2A, 1B,

2B

SB 137

## SALARY SUB COMMITTEE PUBLIC EMPLOYEES RETIREMENT

002	Rep. Bauman	opens at 7:33 PM- comments on the role of the committee and how it will be run
016	<del>Ken Mole</del> Dir. PERS	Jerry Lieberwits, Mark Johnson, Asst. Dir. Actuary
030	Ken Mole	on benefits required
037	Ken Mole	goals and objectives
065	Rep. Jones	question re: rates and how benefits are determined
099	Mr. Lieberwits	comments on contribution rates and what retirement benefits are based on
110	Ken Mole	continues with actuarial assumptions
135	Ken Mole	on investment council
155	Ken Mole	on retirement lifestyle and the career worker
180	Ken Mole	on duty and not duty benefits
193	Ken. Mole	on full formula benefit
197	Ken Mole	benefits by sex
204	Ken Mole	members
220	Rep. Simpson	question re: legislation having effect on benefits: discussion
261	Ken Mole	continues with membership of the plan
285	Kay Hutchison	comments on increase in political subdivision membership
291	Ken Mole	explains
302	Rep. Jones	question re: employer and buy back concept: discussion
360	Rep. Jones	question re: employer and buy back
378	Mark Johnson	comments: discussion
412	Ken Mole	continues with employer membership
438	Rep. Bauman	question re: broad base of employer membership and benefits of that
465	Ken Mole	on PERS staff

WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARY

Date 6/14/83

Tape 2A, 1B, 2B

SALARY, PERS CONTINUED  
TAPE 2A

002	Rep. Jones	question re: developing rates for different employers
016	Mark Johnson	replies
030	Mr. Lieberwitz	explains: discussion on abuse of system
077	Ken Mole	continues with information program
113	Ken Mole	on rate increases
135	Ken Mole	on rate contributions
148		discussion on investments
159	Rep. Bauman	question re: status compared to other states: discussion
168	Rep. Jones	question re: investments: discussion
216	Ken Mole	finishes with review of legislation- introduces this session
270	Rep. Jones	question re: health sciences center fund: discussion
293	Ken Mole	on legislation and how the PERS bid position on each
309	Mr. Leiberwits	on present benefits of PERS
413	Sen. Meeker	shows up
439	Sen. Thorne	does us a favor
458	Rep. Simpson	question re: legislation and harm to the system; discussion

TAPE 1B

002		Discussion continues
007	Mr. Leiberwitx	continues with benefits
018	Rep. Simpson	other systems and comparisons to them
034	Mr. Lieberwitx	hospital coverage
043	Sen. Montoe	question re: group health rates
050	Rep. Simpson	comments
057	Kay Hutchison	comments
070	Sen. Thorne	question re: status of fund

# WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARY

Date 6/14/83

Tape 1B, 2B

TAPE 1B continued

080	Rep. Bauman	question re: acctuary sybols
090	Mark Johnson	on cost of pension system
108	Mark Johnson	on evaluations of system
128	Mark Johnson	on distribution of dollars
153	Mark Johnson	on how money should go in
225	Mark Johnson	on determination of how an employer should contribute
256	Mark Johnson	on unfunded liability
280	Mark Johnson	on level percentage payroll
305	Ken Mole	comments
326	Mark Johnson	on how legislation is analyzed
360	Rep. Bauman	question re: analysis with relation to bids position
378	Sen. Thorne	question re: percentage of funding; discussion
408	Sen. Thorne	question re: judgement of where it is now
414	Rep. Simpson	question re: unfunded liability; discussion
	TAPE 2B	
002	Rep. Bauman	on legislation in the subcommittee
017	Sen. Meeker	gives an editorial commtns on caution; discussion
027	Sen. Monroe	question re; sex discrimination legislation
034	Rep. Bauman	adjourns at 9:06 PM

WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARY

Date 6/15/83

Tape 3A, 4A, 3B

TAPE 3A continued

243 Rep. Simpson comments re: sited example

279 Dennis Hayden Presented testimony

SBL37- PUBLIC EMPLOYEES' RETIREMENT

342 Ken Mull comments re: SBL37- brief overview

382 Jerry comments re: explanation of language intent

450 Rep. Simpson question re: equitable system

470 Jerry comments re: above

477 Rep. Bauman question re: early retirement incentive

TAPE 4A

001 Rep. Simpson question re: options

Discussion on options

041 Kay Hutchison comments re: options bill SBL48 passed 1981 session

073 Ken Mull comments re: amendment read from bill- cost saver

090 Kay Hutchison comments re: explanation of amendment, provision

106 Ken Mull comments re: major items- parole board

DISCUSSION RE: Amendments  
Clerk Absent

172 Ken Mull continued comments re: 137

219 Rep. Simpson question re: provision applications

230 Thomas Kramer presented testimony better for consideration

278 Rep. Bauman question re: amendment

DISCUSSION OF SICK LEAVE

379 Kirk comments re: final average salary

406 Jerry comments re: date- bookkeeping

HB 2579- PUBLIC OFFICIALS COMPENSATION COMMISSION

486 Rep. Fawbush presented testimony

## WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARYDate 7-6-83

Enter Bill

Tape 10-11

<u>TAPE 10B</u>			
002	SBI37	Rep. Bauman	Called meeting to order at 5:42 PM.
014		Kay Hutchison	Comment re: ten-year buy-out issue
030		Rep. Bauman	Question re: committee's feelings on the subcommittee's actions
		Discussion	
055		Rep. Simpson	Enters
057		Rep. Jones	Question re: bonus pay and average salary
066		Kay Hutchison	Comment re: bonus system and final average salary
076		Rep. Bauman	Question re: faculty
		Bill Lemon, Dept. of Ed.	Answers - Discussion
135		Rep. Bauman	Question re: taking this amendment
151		Senator Meeker	Moves deletion of Sub H section 1 of the bill.
153		Rep. Jones	Question re: school districts cost
175		Vote	Motion carried
180		Discussion on motion - mistake made	
190		Kay Hutchison	Comment re: personal information
211		Jerry Leiberwitz, PERS	Comments
239			Delete all of section - So ordered
250		Rep. Bauman	Comment re: McCoy's amendment
267		Kay Hutchison	Comment re: amendments
284		Rep. Jones	Question re: serving papers
292		Senator McCoy	Explains amendment - Discussion
368		Kay Hutchison	Explains options
379		Kirk Berger	Comment re: civil process issue
405			Vote on Senator McCoy's amendment 137-7
415			Motion to reinstate subsection F section 3
420		Senator Meeker	Question re: how many people affected
		Berger responds - Discussion	
478	HB2579	Rep. Bauman	Comment re: HB 2579
<u>TAPE 11A</u>			
002		Rep. Bauman	Comment re: last subcommittee meetings on HB 2579
004		Kay Hutchison	Comment re: previously adopted amendments

WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARY

Date 7/9/83

Tape 11B

		<u>TAPE 11B</u>	
189		Rep. Bauman	Called meeting to order
	HB 2366	RELATING TO JUDICIAL RETIREMENT	
198		Kay Hutchison, LFO	Explanation of merger w/PERS
281		Rep. Jones	Question re: phase-in of former state employes
294		Kay Hutchison	Reworded question to James McGoffin, PERS and Bob Lundy, Legis. Counsel
302		Jim McGoffin, PERS	Response
305		Bob Lundy, Legis. Counsel	Response to question
320		Rep. Jones	Reiterated question
326		Rep. Bauman	Clarification of question
335		Jim McGoffin	No "double dipping".
		Rep. Jones/Jim McGoffin	Discussion
359		Kay Hutchison, LFO	Example, question to Lundy
381		Bob Lundy	Response
408		Rep. Bauman	Question to Jerry Liebertz, PERS re: phase-in
424		Jim McGoffin	Explanation of rates
		<u>TAPE 12B</u>	
06		Rep. Bauman	Question re: COLA
		Kay	Response
020		Kay	Comments re: spouse benefits
		Rep. Bauman	Need to wait for McCoy to return from conference committee to vote.
057	SB 137	Rep. Bauman	Introduced SB 137, decided to wait till Senator Frye arrives who wants to testify. Started to introduce another bill and Senator Frye came.
072		Senator Frye	Testimony
097		Jim McGoffin	Comments re: final average salary, history

## WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARYDate 7/9/83Tape 12BTAPE 12B

141	SB 137	Senator Monroe	Comments re: computer capability
143		Jim McGoffin	Response
151		Rep. Bauman	What about 7/1/85 for an effective date?
157		Jerry Leibertz	Won't be ready.
171		Rep. Jones	Comments
179		Senator McCoy	Would record to show it not feasible by 7/1/85.
		Rep. Jones	Disagreement
188		Rep. Bauman	Not a problem for big systems (state, large cities)?
195		Jerry Leibertz	Disagreement, salary figures may be from six years ago, not available
207		Rep. Simpson	Saw a monthly summary that seemed quite complete
227		Jerry	Comments
242		Jim McGoffin/Rep. Simpson	Discussion
276		Ozzie Rose	Comments on 1/2 of 1% causing problems with mechanics
300		Sen. Monroe	Make it effective 7/1/86?
305		Rep. Simpson	Comments re: bill - many folks interested in it
323		Sen. Monroe	Comments on 7/1/86
328		Rep. Bauman	What is projected date for completion?
329		Jerry	Three years from now.
338	137-3	Rep. Bauman	Introduced 137-3 amendments
376	amndmts.	Rep. Simpson	Requested Lundy's analysis of what it does.
361		Bob Lundy	Explanation
415		Sen. Monroe	Question re: vacation pay
			Discussion of vacation pay by committee



WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARY

Date 7/9/83

Tape 13A

SB 137

TAPE 13A

- 006 Rep. Jones Comments re: vacation pay  
Discussion of vacation pay
- 043 Kirk Berger, Intergovernmental  
Personnel Relations Institute Intent of letter to Simpson which initiated  
amendment
- Bob Lundy, Legis. Counsel Present bill/amendments could be read to intend the  
previous, referred to PERS to see how they felt about  
that.
- 052 Jerry Leibertz, PERS Problem with tax possible.
- 073 Kay Hutchison, LFO Discussion
- 104 Bob Lundy, LC Comments on reducing last year.
- 131 Sen. Monroe Is there abuse under the current system?
- 143 Jerry All employes excluding a few engineers, may not  
accrue more than 250 hours of vacation.
- 166 Rep. Simpson MOTION TO ADOPT 137-3 FAILED.
- Ayes: Reps. Jones, Simpson Nays: Senators McCoy, Monroe  
Representative Bauman
- HB 2366
- 179 Rep. Bauman MOTION TO AMEND 2366 WITH C.O.L.A. CARRIED
- Ayes: Senators McCoy, Monroe  
Representatives Jones, Simpson, Bauman
- 196 MOTION TO SEND 2366 TO FULL WITH A "DO PASS" RECOMMENDATION  
CARRIED
- Ayes: Senators McCoy, Monroe  
Reps. Jones, Simpson, Bauman
- Senate members under call of the Senate - got excused for as long as possible.  
Committee will go ahead and discuss further bills.
- SB 137
- 236 Kirk Berger Comments
- 254 Ozzie Rose Comments

WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARY

Date 7/9/83

Tape 13A, 14A

SB 137 TAPE 13A

272	Jerry Leibertz, PERS	Comment re: school absences
281	Sen. Monroe	Comments re: school budgetary problems
306	Bill Lemman, Dept. of Higher Ed.	We do not contract by days or hours, but for 9 months
330	Ozzie Rose	Comments
		End of discussion
336	Rep. Bauman	Explained amendments to 137, telephone/address Committee saw no problem
362	Sen Monroe	Question re: parole and probation amendment
366	Kay Hutchison	Bob Lundy will draft
372	Bob	Explanation
		No objections
393	Bill Lemman	Are you going to reconsider faculty bonus amendment?
408	137-6 amndmts. Bauman	COMMITTEE CONSENTED TO ADOPT 137-6 AMENDMENTS
419		COMMITTEE CONSENTED TO ADOPT PUBLIC RECORDS AMENDMENT
427		COMMITTEE CONSENTED TO ADOPTED TECHNICAL CHANGE IN EXISTING LANGUAGE RE: PAROLE AND PROBATION
440	Senator McCoy	MOTION TO REINSERT LANGUAGE FAILED
	Ayes: Senator McCoy	Nays: Senator Monroe
		Reps. Jones, Simpson, Bauman
	<u>TAPE 14A</u>	
006	John Powell	Wanted record to be clear
017	Jim McGoffin	Board does not approve of that practice
		MOTION TO SEND SB 137 TO FULL COMMITTEE "DO PASS" CARRIED
	Ayes: Senators McCoy, Monroe	
	Reps. Jones, Simpson, Bauman	
030	Rep. Bauman	9:50 - Adjourned till Monday

## WAYS AND MEANS COMMITTEE LOG

Subcommittee No. SALARYDate 7-11-83Tape 14A

TAPE 14A

WORK SESSION: SB 137

HEARING: HB 2393 RELATING TO BUY BACK PRIVILEGES

032	Rep. Bauman	Called meeting to order at 1:15 PM.
040	Kay Hutchison	Comment re: amendments to SB 137
061	Rep. Bauman	Comment re: HB 2393
080	"	Comment re: 1st case
093	Ozzie Rose	Presented testimony re: buy back privileges
119	Rep. Jones	Question re: benefits
	Discussion on people included under amendments	
158	Jerry Leibertz, PERS	Presented testimony
	Discussion on interpretation of bill	
184	Kay Hutchison	Comment re: accumulated interest/interest rates
204	Jerry Leibertz	Comment re: 7.5 interest rate
235	Rep. Bauman	Adjourned meeting at 1:30 PM.

BACKGROUND ON PROPOSED AMENDMENTS TO SB 137

- I. LC 137-3, LC 137-4 and LC 137-5 all deal with the definition of "Final Average Salary" for determining a retiree's benefits. Their purpose is to make a cleaner and clearer definition of final average salary and discourage game playing adjustments which can be used to augment the figure to the benefit of certain retiring employees.

There should be integrity and fairness in this formula. We believe these changes will improve the system as it treats all retirees and prevent occasional abuses which can increase the benefit of certain employees unfairly and spread that cost to all employers.

LC 137-3 would clarify that the salary counted for a year would be the salary paid for services in a 12 month period. This would take care of some abuses where 18 months of salary has been paid in a calendar year. It should also eliminate adding in a month of vacation pay to balloon the final salary.

LC 137-4 would eliminate the adjustment for retirement on other than the calendar year under an assumed 6% salary increase for each month after the end of the calendar year.

✓ LC 137-5 would allow computation of the final average salary based on the last 36 months of employment, or the highest 3 calendar years in the last 10 calendar years, whichever is greater. This would fix the problem of individuals who are paid on and employed on a fiscal year basis, like school employees, and eliminate the need for the adjustment that is repealed by LC 137-4.

II. LC 137-6 fixes the problem of ballooning final ending salary by sick leave value adjustment based on an assumed 190 day contract, when in fact there are many school administrators and teachers on contracts longer than 190 days. This would also protect the sick leave value for school employees who might have their work year shortened due to budget problems. Furthermore, the last part of this amendment would eliminate potential abuse for the sick leave computation by putting an employee on an 11 3/4 month contract in the last year of employment simply for the purposes of enhancing the retirement benefit.

## Senate Bill 137

Senate Bill 137 was introduced as a PERS "housekeeping" measure. The Subcommittee made some adjustments in it as it came from the Senate Commerce, Banking and Public Finance and added some new provisions.

The measure defines what is and is not salary for purposes of determining "final average salary". It uniformly excludes for all agencies various kinds of retirement incentive programs that would otherwise balloon final average salary at the ultimate expense of all public employers.

### The measure

~~It~~ also, by July, 1986, terminates the present .5% per month artificial adjustment to final average salary for months worked beyond a calendar year. It replaces that formula with a calculation based on the employees actual salary for the last 36 months worked.

The other major reform is a requirement that school districts value sick leave according to the actual number of teacher contract days. The present arbitrary 190 day provision unduly benefits administration personnel with longer contracts.

The Subcommittee did ~~however~~ reject <sup>a PERS proposed</sup> amendment that would have mandated police and fire retirement eligibility for all parole and probation employees of local jurisdictions. Subcommittee members concluded that present statutes are sufficient to protect individual parole and probation employees who were in 1977 transferred directly from the Corrections Division to counties.

The other provisions are housekeeping in nature and largely clarify existing PERS practices.

62nd LEGISLATIVE ASSEMBLY -- 1983

JOINT WAYS AND MEANS COMMITTEE

Record of Subcommittee Proceedings

Bill No. SB 137

Agency Name or Bill Description Relating to public employes retirement

Analysts: Legislative Fiscal Hutchison Executive Hader

Date of Hearing

Comments and Action

June 15

Review of 137 issues discussed exception for  
Hughes & 5% FAS rate, police & fire  
SB 368 amendments, such items

July 6

Later issue raised by TRFA  
Simpson amendments offered  
Work Session Meeker move to delete tenure exception  
McCoy no - Meeker Thorne, Jones, Simpson, Bauman aye

Meeker - delete public records ref all present voted aye  
McCoy move to insert SB 137-7 McCoy aye - Nos -  
Meeker Thorne, Monroe, Jones, Simpson, Bauman

July 9

Thorne restore existing language p 3 line 18 & 19 unan  
Work session continued Adopted 137-4 & 5 with July 1 1986  
effective date; Simpson move 137-3 Jones, Simpson aye  
McCoy Monroe, Bauman no; 137-6 appraiser no aly;  
PERS amend public records no aly; tech chg Public Prob  
ref to Board no aly; McCoy to restore tenure ref  
McCoy aye - Jones, Simpson Monroe, Bauman no

Subcommittee Chairman Bauman

Designated to Carry: House Simpson Senate Monroe Full Com. Simpson

to full unan

LEGISLATIVE FISCAL OFFICE

Fiscal Impact Assessment

Bill No. SB 137

AS of 7/12/83

This office has reviewed the proposed legislation and determined that  
it has NO IMPACT on state or local government expenditures.



HOUSE OF REPRESENTATIVES

62nd Legislative Assembly

STAFF MEASURE ANALYSIS

Measure: Senate Bill 137, as amended

Title: Relating to the Public Employees' Retirement System

Committee: Joint Ways and Means Committee

Hearing Dates: 6/15, 7/6, 7/9/83

Explanation Prepared By: Kay Hutchison, LFO

---

**Problem addressed.**

Statutes governing the administration of the Public Employees Retirement System are in some instances unclear and in some instances the lack of clarity has permitted the manipulation of the system to the advantage of certain groups of employees.

**Function and purpose of measure as reported out.**

Section 1 (8) amends the ORS 237.003 definition of salary to incorporate the retirement system's Administrative Rule 459-10-040 describing payments which are considered salary and those which are not, for the purpose of eliminating abuses that provide a ballooning effect in calculating final average salary.

Section 1 (12) provides that after July 1, 1986 the existing .5% adjustment to final average salary for each month worked beyond a calendar year would be replaced with an actual calculation based on the last 36 months of service.

Section 3, 5, 7, and 8 clarify existing PERS practices.

Section 4 requires members making repayment for service credits under ORS 237.111 to also pay interest that would have accumulated on the amount that was withdrawn.

Section 6 clarifies that the value of sick leave for employees under contract will be calculated according to the actual days of the contract.

Section 9 adds to the public records disclosure exemption membership records of a non-financial nature.

Sections 10-14 include TRFA conforming amendments.

**Major issues discussed.**

The subcommittee discussed:

- 1) the need to treat all employees alike for purposes of determining final average salary,
- 2) the coverage by existing statutes of state parole and probation officers transferred to county community programs,
- 3) the administrative difficulty of converting to an actual 36 months calculation of final average salary prior to the July 1986 expected conversion of the PERS automated records system.

Effect of committee amendments.

The subcommittee deleted an exception for Higher Education that would have allowed inclusion of tenure repurchases in final average salary; deleted a proposed change in definition that would have expanded eligibility for police and fire retirement; and added provision relating to calculation of final average salary and the value of teacher sick leave.

NOTE: This analysis is intended for information purposes only and has not been adopted or officially endorsed by action of the Joint Committee on Ways and Means

(Attach additional sheets as necessary)

OREGON STATE SENATE  
**STAFF MEASURE ANALYSIS**

Measure: Senate Bill 137, as amended  
Title: Relating to the Public Employees' Retirement System  
Committee: Joint Ways and Means Committee  
Hearing Dates: 6/15, 7/6, 7/9/83  
Explanation Prepared By: Kay Hutchison, LFO

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(Attach additional sheets as necessary)

PROPOSED AMENDMENTS TO SENATE BILL 137

On page 4 of the printed bill, after line 2, insert:

"(13) In determining final average salary under subsection (12) of this section, the term 'salary per calendar year' means salary in respect to services rendered in not more than 12 consecutive calendar months."

In line 3, delete "(13)" and insert "(14)".

\*\*\*\*\*

A handwritten signature in cursive script, appearing to read "J. Smith", is located in the lower-left quadrant of the page.

PROPOSED AMENDMENTS TO SENATE BILL 137

- 1
- 2 On page 3 of the printed bill, line 37, delete "; plus" and insert a
- 3 period.
- 4 Delete lines 38 through 40.
- 5 On page 4, delete lines 1 and 2.

\*\*\*\*\*

*Passed  
as amended  
July 1986  
effective date*

June 15, 1983

MEMORANDUM

To: Representative Max Simpson

From: Kirk Berger, Local Government Personnel Institute  
Chris Dudley, Oregon School Boards Association

Re: Possible Retirement Bill Amendments To Correct Inequities or  
Enhancement of Final Average Salaries in Computing PERS Benefits

We have identified the following areas where individuals or groups of individuals can use the PERS system and procedures to inordinately increase the "final average salary" for computation of retirement benefits. These areas could be corrected by appropriate amendments to the statute.

(1) Senate Bill 137, Section 1, subsection (8).

Currently state employees are allowed to count thirteen months of pay in the final year of covered employment to "balloon" the determination of final average salary for computation of the retirement benefits. We suggest that amendments could be drafted to eliminate the inclusion of the thirteenth month.

(2) Currently "final average salary" is computed on the basis of the highest three calendar years of the last ten calendar years. We suggest that computation of "final average salary" should be based on the last thirty-six months of covered employment, or the highest three calendar years of the last ten, whichever is greater. There should not be a requirement that all computations be based on the last three calendar years with an additional adjustment of .5% for every month worked beyond the last calendar year. Senate Bill 148 from the 1981 session would have made the adjustment we are suggesting here. This would be more fair and better reflect the actual salary in the last three years worked.

(3) Senate Bill 325.

Currently school employees who worked less than a twelve month period are allowed to compute the value of unused sick leave for computation of the retirement benefit on the basis of an assumed 190 day contract for the school year. The statute uses this number of days to convert the final years salary to an hourly value. While 190 days may be a close approximation of what the average teacher works, it is not a good base for a number of teachers who have extended contracts up to 220 contract days per year or for school administrators who may have from 220 to 260 contract days. If you take the salary for the longer contract year and convert the salary value to a hourly sick leave value based on 190 contract days there is a substantial enhancement of the value of that sick leave and thus a substantial increase in the computation of the retirement benefit above what it really should be. We would suggest an amendment to ORS 237.153 (1). (b) that would require the unused sick leave computation to based on the actual contract days worked.

A second problem in this area is where an individual who has been considered a 12 month employee for all but the last year of employment then gets an

MEMORANDUM  
PAGE TWO  
JUNE 15, 1983

eleven and a half month contract for that year to allow computation of sick leave under this "less than full year" formula. This is not fair. A possible approach would be to require the employee to be treated as if they were a full year employee if they were a twelve month employee in any of the three years used in computing "final average salary". We believe PERS has tried to police this and in fact has identified several instances where there was abuse. However, we are not sure current rules and statute allow them to assure that this abuse does not take place.

PROPOSED AMENDMENTS TO SENATE BILL 137

On page 3 of the printed bill, delete lines 29 through 40 and insert:

"(12) The term 'final average salary' means whichever of the following is greater:

"(a) The average salary per calendar year paid by a public employer to an employee who is a member of the system in three of the last 10 calendar years of membership before the employee reaches the age of compulsory retirement, in which three years the employee was paid the highest salary; or if the number of last calendar years of membership before the employee reaches the age of compulsory retirement is less than 10 and more than three, in the three of those years in which the employee was paid the highest salary; or if the number of last calendar years of membership before the employee reaches the age of compulsory retirement is three or less, in all of those years.

"(b) The salary paid by a public employer to an employee who is a member of the system in that period of 12 consecutive calendar months, in the last 36 calendar months of membership before reaching the age of compulsory retirement, in which the employee was paid the highest salary."

On page 4, delete lines 1 and 2.

\*\*\*\*\*

*passed  
as amended  
effective July 1, 1986*

PROPOSED AMENDMENTS TO SENATE BILL 137

On page 1 of the printed Senate amendments dated May 13, line 2, after the first comma insert "after '237.125' insert '237.153,' and".

On page 9 of the printed bill, after line 15, insert:

"SECTION 4a. ORS 237.153 is amended to read:

"237.153. (1)(a) Upon the request by a public employer that its employees be compensated for accumulated unused sick leave with pay in the form of increased retirement benefits upon service or disability retirement, the board shall establish a procedure for adding to the gross amount of salary used in determining final average salary the monetary value of one-half of the accumulated unused sick leave with pay of each retiring employee of the requesting public employer and shall establish benefits of the retiring employee on the basis of a final average salary reflecting that addition.

"(b) For employees of a common school district, a union high school district, an education service district or a community college, or employees of the State Board of Higher Education engaged in teaching or other school activity at an institution of higher education, who are employed under contract for a period of less than 12 consecutive months and who are entitled to sick leave with pay of less than 96 hours for a year, each hour of accumulated unused sick leave with pay shall be valued on the basis of [1,520] the actual number of contract hours of employment during the last year of contributing membership of an employee before retiring and the salary of the employee during the same period. This paragraph does not apply to any employee who is employed under contract for 12 consecutive months in any of the three or less years used in determining the final average salary of the employee.

*Passed*



1       "(2) Accumulated unused sick leave with pay may be considered for the  
2 purpose of subsection (1) of this section only in accordance with the following  
3 requirements:

4       "(a) Sick leave not credited at the rate actually provided by the public  
5 employer may not be considered. The amount of sick leave exceeding an  
6 amount credited at the lowest rate in effect for any employee of the public  
7 employer who is normally entitled to sick leave, and in any event exceeding  
8 an amount credited at a rate of eight hours for each full month worked, may  
9 not be considered.

10       "(b) Sick leave credited for periods when an employee was absent from  
11 employment on sabbatical leave, educational leave or any leave without pay  
12 may not be considered.

13       "(c) Any period during which an employee was absent from employment for  
14 illness or injury that was charged against sick leave not qualified for  
15 consideration shall be deducted from sick leave qualified for consideration.

16       "(d) Sick leave for any period for which the public employer provides no  
17 sick leave with pay for its employees may not be considered.

18       "(e) Sick leave accumulated on and after July 1, 1973, may be considered  
19 only to the extent it is supported by records of accumulation and use  
20 pursuant to a plan adopted formally by the public employer.

21       "(f) Accumulated unused sick leave for periods before July 1, 1973, may  
22 be considered as follows:

23       "(A) If any department, bureau or other organizational unit of a public  
24 employer maintained formal records of accumulation and use even though the  
25 public employer did not require that those records be maintained, the  
26 accumulated unused sick leave shall be considered according to those records.

27       "(B) Where the public employer provided sick leave before July 1, 1973,  
28 but formal records of accumulation and use were not required or if required,

1 are unavailable or incomplete, or the sick leave was subject to administrative  
2 limitations on total accumulation or transfer between public employers,  
3 accumulated unused sick leave for periods before July 1, 1973, may be  
4 considered as equal to 2.675 hours for each full month worked, but reduced  
5 by the amount of any accumulated unused sick leave credited to an employee  
6 on July 1, 1973.

7 "(g) The written certification of a member or former member of the  
8 Legislative Assembly shall constitute a formal record of accumulation and use  
9 in determining the amount of accumulated unused sick leave of an employee of  
10 the Legislative Assembly, either of its houses or any of its committees or  
11 officers for periods of employment before July 1, 1981. Sick leave  
12 accumulated on and after July 1, 1981, by employees of the Legislative  
13 Assembly, either of its houses or any of its committees or officers may be  
14 considered only to the extent it is supported by records of accumulation and  
15 use maintained by the Legislative Administration Committee, or any statutory,  
16 standing, special or interim committee of the Legislative Assembly or either  
17 house thereof, or any constitutional or statutory office of the Legislative  
18 Assembly or either house thereof, pursuant to a plan adopted formally by the  
19 committee or officer.

20 "(3)(a) As used in this subsection, 'legislative employee' means any person  
21 employed by the Legislative Assembly, either of its houses or any of its  
22 committees or officers, but does not include a regular employee of a statutory  
23 committee or statutory office of the Legislative Assembly described in ORS  
24 173.005 (1).

25 "(b) Upon the request of a retiring legislative employee who is a member  
26 of the system, and the request of the public employer of the legislative  
27 employee, that the legislative employee be compensated for accumulated unused  
28 vacation with pay for periods of legislative employment in the form of

1 increased retirement benefits upon service or disability retirement, the board  
2 shall add to the gross amount of salary used in determining final average  
3 salary of the legislative employee the monetary value of one-half of the  
4 accumulated unused vacation with pay of the legislative employee and shall  
5 establish the benefits of the legislative employee on the basis of a final  
6 average salary reflecting that addition.

7 "(c) Accumulated unused vacation with pay may be considered for the  
8 purposes of paragraph (b) of this subsection only in accordance with the  
9 following requirements:

10 "(A) Vacation not credited at the rate actually provided by the public  
11 employer may not be considered.

12 "(B) Amounts of vacation exceeding amounts creditable to employees in the  
13 classified service of the state service pursuant to ORS 240.515 (1), and rules  
14 adopted pursuant thereto, in effect on June 30, 1981, shall not be  
15 considered.

16 "(C) Vacation accumulated before, on and after July 1, 1981, may be  
17 considered only to the extent it is supported by records of accumulation and  
18 use pursuant to a plan adopted formally by the public employer. However,  
19 the written certification of a member or former member of the Legislative  
20 Assembly shall constitute a formal record of accumulation and use in  
21 determining the amount of accumulated unused vacation of a legislative  
22 employee for periods of legislative employment before July 1, 1981.

23 "(4) Employers with plans providing payments on account of sickness in  
24 lieu of sick leave with pay may request the board to consider the monetary  
25 value of accumulated unused payments on account of sickness as if such  
26 payments were an equivalent amount of accumulated unused sick leave with  
27 pay under the same terms and conditions specified in subsections (1) and (2)  
28 of this section."

1 PROPOSED AMENDMENTS TO SENATE BILL 137

2 On page 2 of the printed Senate amendments dated May 13, line 17, after  
3 the second semicolon insert "employees of a county who are authorized to serve  
4 and execute civil process and who are classified as police officers by the  
5 governing body of the county;".

6 In line 20, after the first "or" insert ", except as otherwise provided in  
7 this subsection,".

8 On page 3 of the printed bill, after line 28, insert:

9 "(m) Employees of a county who are authorized to serve and execute civil  
10 process and who are classified as police officers by the governing body of the  
11 county.".

\*\*\*\*\*

*failed*

AMENDMENTS TO  
SENATE BILL 137

On page 13 of the printed bill, line 19, after "retiree"  
insert "address, telephone number and other nonfinancial".

*Approved*

(E) Disposition, including sentence imposed, date of parole if any and parole revocations if any.

(c) The department shall deliver only the data authorized under paragraph (b) of this subsection.

(d) The department shall inform the person or agency requesting the criminal offender information that the department's response is being furnished only on the basis of similarity of names and description and that identification is not confirmed by fingerprints.

(2) If the department holds no criminal offender information on an individual, or the department's compiled criminal offender information on the individual consists only of nonconviction data, the department shall respond to a request under this section that the individual has no criminal record and shall release no further information.

(3) The department shall keep a record of all persons and agencies making inquiries under ORS 181.555 (2) and shall keep a record of the names of the individuals about whom such persons or agencies are inquiring, regardless of whether the department has compiled any criminal offender information on the individuals. These records shall be public records and shall be available for inspection under ORS 192.410 to 192.500.

(4) Nothing in ORS 181.066, 181.540, 181.555 or this section is intended to prevent the department from charging a reasonable fee, pursuant to ORS 192.440, for responding to a criminal offender information inquiry or for making information available under ORS 181.555 or this section. [1981 c.905 §5]

181.570 [1975 c.375 §1; repealed by 1979 c.485 §1]

**181.575 Specific information not to be collected or maintained.** No law enforcement agency, as defined in ORS 181.010, may collect or maintain information about the political, religious or social views, associations or activities of any individual, group, association, organization, corporation, business or partnership unless such information directly relates to an investigation of criminal activities, and there are reasonable grounds to suspect the subject of the information is or may be involved in criminal conduct. [1981 c.905 §8]

**Note:** 181.575 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 181 or any series therein by legislative action. See the Preface to Oregon Revised Statutes for further explanation.

## POLICE AND PAROLE AND PROBATION STANDARDS AND TRAINING

**181.610 Definitions for ORS 181.610 to 181.690.** In ORS 181.610 to 181.690, unless the context requires otherwise:

(1) "Board" means the Board on Police Standards and Training appointed pursuant to ORS 181.620.

(2) "Corrections officer" means an officer or member of a law enforcement unit who is employed full time thereby and is charged with and primarily performs the duty of custody, control or supervision of individuals convicted of or arrested for a criminal offense and confined in a place of incarceration or detention other than a place used exclusively for incarceration or detention of juveniles.

(3) "Executive director" means the executive director of the board.

(4) "Law enforcement unit" means a police force or organization of a city, port, school district, mass transit district, county, Indian reservation, Criminal Justice Division of the Department of Justice, common carrier railroad or the Adult Community Services Unit of the Corrections Division whose primary duty, as prescribed by law, ordinance or directive, is any one or more of the following:

(a) Detecting crime and enforcing the criminal laws of this state or laws or ordinances relating to airport security;

(b) The custody, control or supervision of individuals convicted of or arrested for a criminal offense and confined to a place of incarceration or detention other than a place used exclusively for incarceration or detention of juveniles; or

(c) The control, supervision and reformation of adult offenders placed on parole or probation and investigation of adult offenders on parole or probation or being considered for parole or probation.

(5) "Parole and probation officer" means any officer employed full time by the Corrections Division, a county or a court who is charged with and actually performs the duty of community protection by controlling, supervising and providing reformatory services for adult parolees and probationers, or who performs the duty of investigation of adult offenders on parole or probation or being considered for parole or probation.

(6) "Police officer" means an officer or member of a law enforcement unit who is

MISC. STATUTES ON GOVT.  
AND PUBLIC AFFAIRS  
186-200

COUNTIES  
201-220

CRIMES  
221-235

CRIME, CRIMINAL AND  
CORRECTIONS  
236-245



EDWARD N. FADELEY  
President  
OREGON STATE SENATE  
S-203 State Capitol  
SALEM, OREGON 97310

July 7, 1983

Senator Tony Meeker  
S-323 State Capitol  
Salem, OR 97310

Dear Senator Meeker:

I am concerned that the Salary Subcommittee voted yesterday to delete the Frye amendment to SB 137. The amendment would allow universities to make agreements with faculty members to retire earlier than required by law. The faculty members' retirement would then be based on the enhanced salary. This procedure is considered an equitable cost-saving measure for universities and does not have an effect on PERS.

SB 137, with the Frye amendment, was passed out of Commerce and Banking with a unanimous vote. Yet the Salary Subcommittee did not contact either Senator Frye or Senator Cohen to testify in support of SB 137 despite their written request to be notified. In fact, the subcommittee heard only testimony opposing the amendment.

I urge your committee to reinstate the Frye amendment to SB 137 as written.

Sincerely,

A handwritten signature in dark ink, appearing to read "Edward N. Fadeley", written over a horizontal line.

Edward N. Fadeley  
Senate President

ENF:cj

Friday July 8

Senators Cohen & Faye.

Representative Bauman Chairman of the Salary Subcommittee has requested that we notify you of our continued hearing on SB 1137 tomorrow. The Subcommittee will meet in H 170 at 2:30. You are both welcome to discuss the bill with the committee.

We have searched our files on the bill and find no record of your letter asking to be notified. We are sorry. For the confusion that has led to the oversight.

Kay Hutchison  
LFO staff

cc Senate President Fadeley



PROPOSED AMENDMENTS TO SENATE BILL 137

On page 1 of the printed Senate amendments dated May 13, line 1, after "'System'" insert "and after the semicolon insert 'creating new provisions;'".

In line 2, after the first comma insert "after '237.125,' insert '237.153,' and" and delete "237.610,".

Delete line 12.

On page 2, delete lines 7 through 22.

In line 23, delete "9" and insert "10".

On page 3, line 18, delete "10" and insert "11".

On page 4, line 11, delete "11" and insert "12".

On page 5, line 5, delete "12" and insert "13".

On page 6, line 28, delete "13" and insert "14".

On page 7, delete line 8.

On page 3 of the printed bill, line 18, after "officers" delete the rest of the line and insert "employed by the Corrections Division.".

Delete line 19.

Delete lines 29 through 40 and insert:

"(12) The term 'final average salary' means whichever of the following is greater:

"(a) The average salary per calendar year paid by a public employer to an employe who is a member of the system in three of the last 10 calendar years of membership before the employe reaches the age of compulsory retirement, in which three years the employe was paid the highest salary; or if the number of last calendar years of membership before the employe reaches the age of compulsory retirement is less than 10 and more than three, in the three of those years in which the employe was paid the highest salary; or if the number of last calendar years of membership before the employe

1 reaches the age of compulsory retirement is three or less, in all of those  
2 years.

3 "(b) One-third of the total salary paid by a public employer to an  
4 employee who is a member of the system in the last 36 calendar months of  
5 membership before the employee reaches the age of compulsory retirement."

6 On page 4, delete lines 1 and 2.

7 After line 8, insert:

8 "SECTION 2. The amendment of ORS 237.003 (12) by section 1 of this Act  
9 is first operative July 1, 1986."

10 In line 9, delete "2" and insert "3".

11 On page 7, line 25, delete "3" and insert "4".

12 On page 8, line 22, delete "4" and insert "5".

13 On page 9, after line 15, insert:

14 "SECTION 6. ORS 237.153 is amended to read:

15 "237.153. (1)(a) Upon the request by a public employer that its  
16 employees be compensated for accumulated unused sick leave with pay in the  
17 form of increased retirement benefits upon service or disability retirement,  
18 the board shall establish a procedure for adding to the gross amount of  
19 salary used in determining final average salary the monetary value of one-half  
20 of the accumulated unused sick leave with pay of each retiring employee of the  
21 requesting public employer and shall establish benefits of the retiring employee  
22 on the basis of a final average salary reflecting that addition.

23 "(b) For employees of a common school district, a union high school  
24 district, an education service district or a community college, or employees of  
25 the State Board of Higher Education engaged in teaching or other school  
26 activity at an institution of higher education, who are employed under  
27 contract for a period of less than 12 consecutive months and who are entitled  
28 to sick leave with pay of less than 96 hours for a year, each hour of

1 accumulated unused sick leave with pay shall be valued on the basis of  
2 [1,520] the actual number of contract hours of employment during the last  
3 year of contributing membership of an employe before retiring and the salary  
4 of the employe during the same period. This paragraph does not apply to  
5 any employe who is employed under contract for 12 consecutive months in any  
6 of the three or less years used in determining the final average salary of the  
7 employe.

8 "(2) Accumulated unused sick leave with pay may be considered for the  
9 purpose of subsection (1) of this section only in accordance with the following  
10 requirements:

11 "(a) Sick leave not credited at the rate actually provided by the public  
12 employer may not be considered. The amount of sick leave exceeding an  
13 amount credited at the lowest rate in effect for any employe of the public  
14 employer who is normally entitled to sick leave, and in any event exceeding  
15 an amount credited at a rate of eight hours for each full month worked, may  
16 not be considered.

17 "(b) Sick leave credited for periods when an employe was absent from  
18 employment on sabbatical leave, educational leave or any leave without pay  
19 may not be considered.

20 "(c) Any period during which an employe was absent from employment for  
21 illness or injury that was charged against sick leave not qualified for  
22 consideration shall be deducted from sick leave qualified for consideration.

23 "(d) Sick leave for any period for which the public employer provides no  
24 sick leave with pay for its employes may not be considered.

25 "(e) Sick leave accumulated on and after July 1, 1973, may be considered  
26 only to the extent it is supported by records of accumulation and use  
27 pursuant to a plan adopted formally by the public employer.

1       "(f) Accumulated unused sick leave for periods before July 1, 1973, may  
2 be considered as follows:

3       "(A) If any department, bureau or other organizational unit of a public  
4 employer maintained formal records of accumulation and use even though the  
5 public employer did not require that those records be maintained, the  
6 accumulated unused sick leave shall be considered according to those records.

7       "(B) Where the public employer provided sick leave before July 1, 1973,  
8 but formal records of accumulation and use were not required or if required,  
9 are unavailable or incomplete, or the sick leave was subject to administrative  
10 limitations on total accumulation or transfer between public employers,  
11 accumulated unused sick leave for periods before July 1, 1973, may be  
12 considered as equal to 2.675 hours for each full month worked, but reduced  
13 by the amount of any accumulated unused sick leave credited to an employe  
14 on July 1, 1973.

15       "(g) The written certification of a member or former member of the  
16 Legislative Assembly shall constitute a formal record of accumulation and use  
17 in determining the amount of accumulated unused sick leave of an employe of  
18 the Legislative Assembly, either of its houses or any of its committees or  
19 officers for periods of employment before July 1, 1981. Sick leave  
20 accumulated on and after July 1, 1981, by employes of the Legislative  
21 Assembly, either of its houses or any of its committees or officers may be  
22 considered only to the extent it is supported by records of accumulation and  
23 use maintained by the Legislative Administration Committee, or any statutory,  
24 standing, special or interim committee of the Legislative Assembly or either  
25 house thereof, or any constitutional or statutory office of the Legislative  
26 Assembly or either house thereof, pursuant to a plan adopted formally by the  
27 committee or officer.

1       "(3)(a) As used in this subsection, 'legislative employee' means any person  
2 employed by the Legislative Assembly, either of its houses or any of its  
3 committees or officers, but does not include a regular employee of a statutory  
4 committee or statutory office of the Legislative Assembly described in ORS  
5 173.005 (1).

6       "(b) Upon the request of a retiring legislative employee who is a member  
7 of the system, and the request of the public employer of the legislative  
8 employee, that the legislative employee be compensated for accumulated unused  
9 vacation with pay for periods of legislative employment in the form of  
10 increased retirement benefits upon service or disability retirement, the board  
11 shall add to the gross amount of salary used in determining final average  
12 salary of the legislative employee the monetary value of one-half of the  
13 accumulated unused vacation with pay of the legislative employee and shall  
14 establish the benefits of the legislative employee on the basis of a final  
15 average salary reflecting that addition.

16       "(c) Accumulated unused vacation with pay may be considered for the  
17 purposes of paragraph (b) of this subsection only in accordance with the  
18 following requirements:

19       "(A) Vacation not credited at the rate actually provided by the public  
20 employer may not be considered.

21       "(B) Amounts of vacation exceeding amounts creditable to employees in the  
22 classified service of the state service pursuant to ORS 240.515 (1), and rules  
23 adopted pursuant thereto, in effect on June 30, 1981, shall not be  
24 considered.

25       "(C) Vacation accumulated before, on and after July 1, 1981, may be  
26 considered only to the extent it is supported by records of accumulation and  
27 use pursuant to a plan adopted formally by the public employer. However,  
28 the written certification of a member or former member of the Legislative

1 Assembly shall constitute a formal record of accumulation and use in  
2 determining the amount of accumulated unused vacation of a legislative  
3 employe for periods of legislative employment before July 1, 1981.

4 "(4) Employers with plans providing payments on account of sickness in  
5 lieu of sick leave with pay may request the board to consider the monetary  
6 value of accumulated unused payments on account of sickness as if such  
7 payments were an equivalent amount of accumulated unused sick leave with  
8 pay under the same terms and conditions specified in subsections (1) and (2)  
9 of this section.

10 In line 16, delete "5" and insert "7".

11 On page 10, line 35, delete "6" and insert "8".

12 On page 11, line 16, delete "7" and insert "9".

13 On page 13, line 19, after "retiree" insert "address, telephone number  
14 and other nonfinancial".

15 In line 24, delete "8" and insert "15".

\*\*\*\*\*

*Amended*

## Senate Bill 137

PRINTED PURSUANT TO ORS 171.130 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Public Employees' Retirement System)

### SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Amends definition section of Public Employees' Retirement Act to clarify the words: "Salary" and "parole and probation officers." Adds "consecutive" to a certain 30-working day limitation period of work interruption. Provides that withdrawal of contributions by separated member does not invalidate prior designation of beneficiary if member returns to covered employment. Clarifies effect of "lump sum" withdrawal of contributions or selection of "lump sum" retirement option on reemployment and subsequent retirement. Specifies that if member dies without beneficiary designation, member's account shall be paid first to member's estate if probated and, if not, to surviving next of kin. Clarifies "death benefit" by making it inapplicable to members who have retired and receive disability or service retirement allowances at time of death. Exempts employee and retiree membership and benefit records from public disclosure.

Declares emergency, effective on passage.

### A BILL FOR AN ACT

*creating new provision*  
Relating to ~~the~~ Public Employees' Retirement ~~System~~, amending ORS 192.500, 237.003, 237.011, 237.111, 237.153, and 237.169, ~~237.002, 237.003, 237.004, 237.005, 237.006, 237.007, 237.008, 237.009, 237.010, 237.011, 237.012, 237.013, 237.014, 237.015, 237.016, 237.017, 237.018, 237.019, 237.020, 237.021, 237.022, 237.023, 237.024, 237.025, 237.026, 237.027, 237.028, 237.029, 237.030, 237.031, 237.032, 237.033, 237.034, 237.035, 237.036, 237.037, 237.038, 237.039, 237.040, 237.041, 237.042, 237.043, 237.044, 237.045, 237.046, 237.047, 237.048, 237.049, 237.050, 237.051, 237.052, 237.053, 237.054, 237.055, 237.056, 237.057, 237.058, 237.059, 237.060, 237.061, 237.062, 237.063, 237.064, 237.065, 237.066, 237.067, 237.068, 237.069, 237.070, 237.071, 237.072, 237.073, 237.074, 237.075, 237.076, 237.077, 237.078, 237.079, 237.080, 237.081, 237.082, 237.083, 237.084, 237.085, 237.086, 237.087, 237.088, 237.089, 237.090, 237.091, 237.092, 237.093, 237.094, 237.095, 237.096, 237.097, 237.098, 237.099, 237.100, 237.101, 237.102, 237.103, 237.104, 237.105, 237.106, 237.107, 237.108, 237.109, 237.110, 237.111, 237.112, 237.113, 237.114, 237.115, 237.116, 237.117, 237.118, 237.119, 237.120, 237.121, 237.122, 237.123, 237.124, 237.125, 237.126, 237.127, 237.128, 237.129, 237.130, 237.131, 237.132, 237.133, 237.134, 237.135, 237.136, 237.137, 237.138, 237.139, 237.140, 237.141, 237.142, 237.143, 237.144, 237.145, 237.146, 237.147, 237.148, 237.149, 237.150, 237.151, 237.152, 237.154, 237.155, 237.156, 237.157, 237.158, 237.159, 237.160, 237.161, 237.162, 237.163, 237.164, 237.165, 237.166, 237.167, 237.168, 237.170, 237.171, 237.172, 237.173, 237.174, 237.175, 237.176, 237.177, 237.178, 237.179, 237.180, 237.181, 237.182, 237.183, 237.184, 237.185, 237.186, 237.187, 237.188, 237.189, 237.190, 237.191, 237.192, 237.193, 237.194, 237.195, 237.196, 237.197, 237.198, 237.199, 237.200, 237.201, 237.202, 237.203, 237.204, 237.205, 237.206, 237.207, 237.208, 237.209, 237.210, 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(c) Persons, other than workers in the Oregon Industries for the Blind under ORS 346.190, provided sheltered employment or made-work by a public employer in an employment or industries program maintained for the benefit of such persons.

(d) Persons employed and paid from federal funds received under the Comprehensive Employment and Training Act of 1973 (Public Law 93-203, 87 Stat. 839) and the Emergency Job and Unemployment Assistance Act of 1974 (Public Law 93-567) or any other federal program intended primarily to alleviate unemployment. However, any such person shall be considered an "employee" if not otherwise excluded by paragraphs (a) to (c) of this subsection and the public employer elects to have the person so considered by an irrevocable written notice to the board.

(5) The term "fiscal year" means 12 calendar months commencing on July 1 and ending on June 30 following.

(6) The term "pension" means annual payments for life derived from contributions by one or more public employers.

(7) The term "public employer" means the state, one of its agencies, one of its political subdivisions, an agency of a political subdivision or an agency created by two or more such political subdivisions to provide themselves governmental services. For purposes of ORS 237.001 to 237.315, such agency created by two or more political subdivisions is a governmental instrumentality and a legal entity with power to enter into contracts, hold property and sue and be sued.

(8) (a) The term "salary" means the remuneration paid an employee in cash out of the funds of a public employer in return for services to the employer, plus the monetary value, as determined by the Public Employees' Retirement Board, of whatever living quarters, board, lodging, fuel, laundry and other advantages the employer furnishes the employee in return for services. *(b) Salary includes but is not limited to*

(A) Payments of employee and employer money into a deferred compensation *which* plan are deemed salary paid in each month of deferral;

(B) The amount of participation in a tax-sheltered or deferred annuity *which* is deemed salary paid in each month of participation; *and* or

(C) Retroactive payments made to an employee *to correct a clerical error on* pursuant to an award by a court or by order of or a conciliation agreement with an administration agency charged with enforcing federal or state law protecting the employee's rights to employment or wages, *which* shall be allocated to and deemed paid in the periods in which the work was done or in which it would have been done.

*c* (b) "Salary" or *other advantages* does not include:

(A) Travel or any other expenses incidental to employer's business which is reimbursed by the employer;

(B) Payments by an employer on behalf of employee or employee and dependents for any insurance, for which the employee has no cash option;

(C) Payments made on account of an employee's death;

(D) Any lump sum payment for accumulated unused sick leave;

(E) Any accelerated payment of an employment contract for a future period or an advance against future wages;

(F) Any retirement incentive, retirement severance pay, retirement bonus or retirement gratuitous payment;



*insert*  
 1 (G) Payments for periods of leave of absence after the date the employer and employee have agreed that no  
 2 future services qualifying pursuant to ORS 237.011 (3) will be performed, except for sick leave and vacation; *or*

3 (9) The term "volunteer fire fighter" means a fire fighter whose position normally requires less than 600  
 4 hours of service per year.

5 (10) The term "school year" means the period beginning July 1 and ending June 30 next following.

6 (11) The term "police officer" includes:

7 (a) Employees of the Oregon State Penitentiary and of the Oregon State Correctional Institution whose  
 8 duties, as assigned by the superintendent, include the custody of persons committed to the custody of or  
 9 transferred to the penitentiary or correctional institution.

10 (b) Employees of the Department of State Police who are classified as police officers by the Superintendent  
 11 of State Police.

12 (c) Employees of the Oregon Liquor Control Commission who are classified as enforcement officers by the  
 13 administrator of the commission.

14 (d) Sheriffs and those deputy sheriffs or other employees of a sheriff whose duties, as classified by the  
 15 sheriff, are the regular duties of police officers or corrections officers.

16 (e) Police chiefs and police personnel of a city who are classified as police officers by the council or other  
 17 governing body of the city.

18 (f) Parole and probation officers *employed by the Corrections Division* ~~employed by the State Board of Parole and Probation~~ as defined in ORS  
 19 ~~181.610 (5).~~

20 (g) Police officers appointed under ORS 276.021 or 276.023.

21 (h) Employees of the Port of Portland who are classified as airport police by the Board of Commissioners of  
 22 the Port of Portland.

23 (i) Employees of the State Department of Agriculture who are classified as livestock police officers by the

*insert*  
 18 (12) The term 'final average salary' means whichever of the following is  
 19 greater:

20 "(a) The average salary per calendar year paid by a public employer to  
 21 an employee who is a member of the system in three of the last 10 calendar  
 22 years of membership before the employee reaches the age of compulsory  
 23 retirement, in which three years the employee was paid the highest salary; or  
 24 if the number of last calendar years of membership before the employee  
 25 reaches the age of compulsory retirement is less than 10 and more than three,  
 26 in the three of those years in which the employee was paid the highest salary;  
 27 or if the number of last calendar years of membership before the employee  
 1 reaches the age of compulsory retirement is three or less, in all of those  
 2 years.

3 "(b) One-third of the total salary paid by a public employer to an  
 4 employee who is a member of the system in the last 36 calendar months of  
 5 membership before the employee reaches the age of compulsory retirement."

1 ~~of that average salary multiplied by the number of months in that calendar year the employee is a contributing~~  
 2 ~~member for at least a major fraction of a month.~~

3 (13) The term "fire fighter" does not include a volunteer fire fighter as defined in subsection (9) of this  
 4 section, but does include:

5 (a) The State Fire Marshal and the chief deputy fire marshal and deputy state fire marshals appointed  
 6 under ORS 476.040.

7 (b) Employees of the Fire Standards and Accreditation Board who are classified by the board as other than  
 8 secretarial or clerical personnel.

9 <sup>insert</sup> <sup>(2)</sup> "SECTION 2. The amendment of ORS 237.003 (12) by section 1 of this Act  
 is first operative July 1, 1986."

11 employer and has completed six months' service uninterrupted by ~~[a total of]~~ more than 30 consecutive working  
 12 days during the six months' period. Every employee of a participating employer shall become a member of the  
 13 system at the beginning of ~~[his]~~ the first full pay period of the employee following the six months' period. All  
 14 public employers participating in the Public Employees' Retirement System established by chapter 401, Oregon  
 15 Laws 1945, as amended, at the time of repeal of that chapter, and all school districts of the state, shall  
 16 participate in, and their employees shall be members of, the system, except as follows:

17 (1) (a) An employee who is a member of, or eligible for membership in, a retirement system established by a  
 18 public employer prior to April 8, 1953, or who is a member of, or eligible to membership in, an association  
 19 established pursuant to ORS chapter 239, may not become a member of the system established by this chapter  
 20 until the previously established system or the system of the association is integrated with the system  
 21 established by this chapter pursuant to the procedure provided by ORS 237.051. As a member of the system  
 22 established by this chapter ~~[he]~~ an employee shall receive no credit for service during such time as ~~[he]~~ the  
 23 employee heretofore excluded or hereafter excludes <sup>the employee</sup> ~~himself or herself~~ from the previously established system or  
 24 from the association, and shall receive only such credit for service during the time ~~[he]~~ the employee is a member  
 25 of the previously established system or of the association as the contract of integration provides, except that  
 26 any teacher who has been continuously employed by a school district of this state from July 1, 1929, to July 1,  
 27 1951, in which an association has been established pursuant to ORS chapter 239, and who has not been a  
 28 member of such association at any time from July 1, 1929, to September 1, 1953, shall receive credit for prior  
 29 service as provided by ORS 237.081 upon payment prior to December 1, 1953, to the board by such teacher of  
 30 such contributions as would have been deducted from ~~[his]~~ the salary of the teacher from July 1, 1946, to the  
 31 date of becoming a member of this system if ~~[he]~~ the teacher had become a member of this system on July 1,  
 32 1946, and the school district by which said teacher is employed shall transmit to the board, at such time as the  
 33 board designates, such sums as the school district would have been required to transmit under the provisions of  
 34 ORS 237.081 if such teacher had become a member of this system on July 1, 1946, and, upon such payments,  
 35 such teacher shall be deemed to have been a member of the system established by this chapter for the purposes  
 36 of ORS 237.001 to 237.315 continuously from July 1, 1946.

37 (b) Notwithstanding paragraph (a) of this subsection, an employee who is a member of, or eligible for  
 38 membership in, an association established pursuant to ORS chapter 239 shall become a member of the system  
 39 established by this chapter if ~~[he]~~ the employee has separated, for any reason other than death or disability, from  
 40 all service entitling ~~[him]~~ the employee to membership in the system of the association, and ~~[he]~~ the employee shall

1 receive credit under ORS 237.001 to 237.315 for past service during the time [he] the employee was a member of  
2 an association established pursuant to ORS chapter 239 upon payment to the [board] Public Employees'  
3 Retirement Board of all amounts in [his] the individual account of the employee established pursuant to ORS  
4 chapter 239. The payment by the employee shall be deposited in the individual account of the employee in the Public  
5 Employees' Retirement Fund. Upon such payment by the employee, the school board which previously employed  
6 [him] the employee shall pay to the retirement board such sums as may be determined by actuarial computation  
7 to fund the employee's past service credits. The school board may, with the consent of the board, make payment  
8 in three equal annual instalments.

9 (c) Notwithstanding paragraph (a) of this subsection, an employee who is a member of a retirement system  
10 established by a public employer prior to April 8, 1953, shall become a member of the system established by  
11 this chapter if [he] the employee has separated from all service entitling [him] the employee to membership in the  
12 retirement system established prior to April 8, 1953; but [he] the employee shall receive no credit under ORS  
13 237.001 to 237.315 for service during the time [he] the employee is a member of, or eligible for membership in, the  
14 retirement system established prior to April 8, 1953. Furthermore, if the employee has been separated for  
15 disability from service entitling [him] the employee to membership in a retirement system established prior to  
16 April 8, 1953, and is receiving a disability benefit under such retirement system at the time [he] the employee  
17 becomes a member of the system established by this chapter, the employee [he] shall not receive any benefit  
18 under ORS 237.001 to 237.315 for such disability.

19 (2) Any member of the Public Employees' Retirement System who, through the annexation of a political  
20 subdivision employing [him] the member or by change of employment, becomes the employee of another  
21 political subdivision which is participating in the Public Employees' Retirement System and has also a separate  
22 retirement system for its employees, shall remain a member of the Public Employees' Retirement System unless,  
23 within 60 days after the effective date of the annexation or change of employment or April 8, 1953, [he] the  
24 member shall by written notice to the Public Employees' Retirement Board and to the administrative body of  
25 [his] the new public employer elect to relinquish membership in the Public Employees' Retirement System and  
26 become a member of the separate retirement system of [his] the employer, if eligible for membership in that  
27 retirement system, and [he] the member shall be so carried by [his] the new employer. Immediately upon such  
28 annexation of any political subdivision or such change of employment, the new public employer shall inform  
29 such employee in writing of [his] the right of the employee to exercise an election as in this section provided.

30 (3) A political subdivision (other than a school district) not participating in the retirement system  
31 established by chapter 401, Oregon Laws 1945, as amended, which employs one or more employees, each of  
32 whose position requires 600 hours of service per year, or an agency created by two or more political  
33 subdivisions to provide themselves governmental services, which employs one or more employees, each of  
34 whose position requires 600 hours of service per year, may, through its governing body, notify the board in  
35 writing, that it elects to include its employees in the system hereby established. Such public employer may  
36 request the board to make a study and estimate of the cost of including it and its eligible employees, other than  
37 volunteer fire fighters, in the system, which the board thereupon shall cause to be made and the cost of which  
38 the employer shall bear. Upon completion of the study and estimate the employer may apply for admission to  
39 the system, whereupon it shall begin to participate therein and its eligible employees other than volunteer fire  
40 fighters shall become members of the system. If the employer is an agency created by two or more political

1 subdivisions to provide themselves governmental services and ceases thereafter to transmit to the board  
2 current service contributions for any of its eligible employees, the benefits based upon employer current service  
3 contributions to which such employees would otherwise be entitled shall be reduced accordingly.

4 (4) Except as subsection (7) of this section provides otherwise with reference to volunteer fire fighters, no  
5 employe whose position with one public employer or concurrent positions with two or more public employers  
6 normally require less than 600 hours of service per year may become a member of the system.

7 (5) No inmate of a state institution and no person enrolled full time in a state institution principally for  
8 purposes of training, even though ~~[he] the inmate or person~~ received compensation for services performed for  
9 the institution, may become a member of the system.

10 (6) If ~~[he has] having~~ not reached the age of 70 years, a person holding an elective office or an appointive  
11 office with a fixed term or an office as head of a department to which ~~[he] the person~~ is appointed by the  
12 Governor may become a member of the system by giving the board written notice of ~~[his] desire~~ to do so within  
13 30 days after ~~[he takes] taking~~ the office or, in the event that ~~[he] the officer~~ is not eligible to become a member  
14 of the system at the time ~~[he takes] of taking~~ the office, within 30 days after ~~[he becomes] becoming~~ so eligible.  
15 Membership so established shall not be discontinued during the appointive or elective term of the officer except  
16 upon ~~[his] separation of the officer~~ from service.

17 (7) A public employer employing volunteer fire fighters may apply to the board at any time for them to  
18 become members of the system. Upon receiving the application the board shall fix a wage at which, for  
19 purposes of ORS 237.001 to 237.315 only, they shall be considered to be employed and which shall be the basis  
20 for computing the amounts of the contributions which they pay into, and of the benefits which they and their  
21 beneficiaries receive from, the fund; and if the wage so fixed is satisfactory to the employer, shall include the  
22 fire fighters in the system.

23 (8) (a) In the event that an employe enters the service of a public employer which is participating in or later  
24 begins to participate in the system and in the event that at the time ~~[he enters] of entering~~ that service or at the  
25 time that the employer begins to participate in the system ~~[he] the employe~~ has commenced to purchase and is  
26 continuing to purchase a retirement annuity, if the employer deems the annuity adequate for the purposes of  
27 ORS 237.001 to 237.315 it may enter into an agreement with ~~[him] the employe~~ and the board pursuant to which  
28 ~~[he] the employe~~ may be exempted from contributing to the Public Employees' Retirement Fund, and, if no  
29 public funds are being used to purchase the annuity or a corresponding pension, the employer, in lieu of the  
30 contributions which it otherwise would make to the fund on ~~[his] account of the employe~~, may make  
31 contributions toward the cost of purchasing the annuity. Such employe otherwise shall be subject to the  
32 provisions of ORS 237.001 to 237.315, except that neither ~~[he] the employe~~ nor any person claiming under ~~[him]~~  
33 ~~the employe~~ shall receive any payments from the retirement fund as service or disability allowance.

34 (b) An employe who enters into an agreement under paragraph (a) of this subsection may elect at any time  
35 thereafter to start to participate in the system by giving written notice of ~~[his] desire~~ to participate to the board  
36 and to ~~[his] the employer~~. The employe shall receive no credit in the system for any service rendered to ~~[his] the~~  
37 employer during the period during which ~~[he] the employe~~ was exempted from contributing to the fund under  
38 the agreement, but the employe shall be considered to have completed the six months' service required for  
39 membership in the system. When the employe starts to participate in the system ~~[his] the employer~~ shall start to  
40 contribute to the fund on ~~[his] the account of the employe~~ in the same manner as the employer contributes on the

1 account of other employees who are members of the system and [his] the employer shall stop making  
2 contributions toward the cost of purchasing the retirement annuity.

3 (9) (a) All new appointees in the Federal Cooperative Extension Service or in any other service in which  
4 participation in the Federal Civil Service retirement program is mandatory, who receive a federal appointment  
5 on or after July 1, 1955, may participate in the Public Employees' Retirement System only by giving written  
6 notice of their election to so participate to the Public Employees' Retirement Board within six months after the  
7 effective date of their appointment.

8 (b) All persons employed by the Federal Cooperative Extension Service or by any other service in which  
9 participation in the Federal Civil Service retirement program is mandatory, who are under federal appointment  
10 as of July 1, 1955, and who are members of the state retirement system, shall continue such membership unless,  
11 prior to February 1, 1956, they give written notice to the Public Employees' Retirement Board of their desire to  
12 cancel their membership.

13 (c) Any person who is a member of the Public Employees' Retirement System, who, on or after July 1,  
14 1955, is employed by the Federal Cooperative Extension Service or by any other service in which participation  
15 in the Federal Civil Service retirement program is mandatory, and who is given a federal appointment, shall  
16 continue such membership in the Public Employees' Retirement System unless, within six months after the  
17 effective date of the appointment, [he] the person gives written notice to the Public Employees' Retirement  
18 Board of [his] the desire to cancel [his] membership.

19 (d) A cancellation of membership under paragraph (b) or (c) of this subsection terminates membership in  
20 the Public Employees' Retirement System and cancels the right to any benefits from, or claims against, that  
21 system. Such cancellation prevents the withdrawing member from claiming thereafter any credit for any  
22 service performed before the cancellation. Upon receipt of a notice of cancellation, the Public Employees'  
23 Retirement Board shall refund to the withdrawing member, regardless of [his] age, [his] the account balance of  
24 the employee in the retirement fund.

25 <sup>4</sup>  
**SECTION 2.** ORS 237.111 is amended to read:

26 237.111. (1) In the event that an employee who is a member of the system, who has made contributions to  
27 the fund during each of five calendar years as established by ORS 237.001 to 237.315, and who has not attained  
28 [his] earliest retirement age, is separated, for any reason other than death or disability, from all service entitling  
29 [him] the employee to membership in the system, [his] the account shall remain to [his] the employee's credit in the  
30 fund unless [he] the employee elects to withdraw it and there shall be paid such death benefits as ORS 237.001 to  
31 237.315 provide; or a disability retirement allowance or, after attaining [his] earliest retirement age, a service  
32 retirement allowance, either of which shall consist of:

33 (a) An annuity which shall be the actuarial equivalent of [his] the employee's accumulated contributions and  
34 interest thereon credited to [him] the employee;

35 (b) A pension provided by the contributions of [his] employers as provided in ORS 237.147 (2), but  
36 actuarially reduced and computed on [his] the employee's then attained age; and

37 (c) An additional life pension (nonrefund) for prior service, including military service, credited to [him] the  
38 employee at the time [he] the employee first becomes a member of the system, as elsewhere provided in ORS  
39 237.001 to 237.315, which pension shall be provided by the prior service contributions of [his] the employer or,  
40 in case [he] the employee is an employee of a school district, by a uniform rate of contribution by all school

districts; except that an employee who is entitled to benefits under ORS 1.310 to 1.390 shall not also be entitled to the prior service pension provided by this paragraph.

(2) In the event that an employee who is a member of the system and has not attained [his] earliest service retirement age, is separated, for any reason other than death or disability, from all service entitling [him] the employee to membership in the system, [he] the employee may withdraw from the fund the amount credited to [him] the <sup>employee's</sup> ~~employee in his or her~~ account; provided that the notice of separation, withdrawal request, and notice of employment, if applicable, shall be transmitted forthwith to the Public Employees' Retirement System by the employer or employee, and the Public Employees' Retirement System may deny or shall recover such withdrawal in favor of the employee unless the employee continues to remain absent from the payroll of any participating employer for a calendar month following the month in which [he] the employee separates from service. Such withdrawal shall cancel all membership rights in the Public Employees' Retirement System, including the right to claim credit for any employments prior to withdrawal. If such employee has contributed to the fund in each of five calendar years and terminates before reaching earliest retirement age, [he] the employee may, before reaching earliest retirement age, elect to withdraw <sup>the employee's</sup> ~~his or her~~ account balance in the fund. Failing to make such election, there shall be paid the benefits or retirement allowances described in subsection (1) of this section.

(3) Whenever, within five years after [he] the employee is separated from all service entitling <sup>the employee</sup> ~~him or her~~ to membership in the system, an employee who has withdrawn the amount credited to <sup>the employee's</sup> ~~him or her~~ reenters the service of an employer participating in the system, <sup>the employee's</sup> ~~his or her~~ rights in the system which were forfeited by the withdrawal shall be restored upon [his] repaying to the board within one year after reentering the service of <sup>the</sup> ~~his~~ ~~or her~~ employer, the full amount so withdrawn together with the interest that would have been accumulated on the sum had the amount not been withdrawn.

SECTION 4. ORS 237.125 is amended to read:

237.125. (1) (a) Any member of the system who is retired after having reached earliest service retirement age, but before having reached compulsory retirement age, and who has been retired for more than six consecutive calendar months, may be reemployed before reaching compulsory retirement age by any public employer even though such retired member has been receiving retirement benefits.

(b) Any person reemployed as by this subsection provided shall resume making contributions to the retirement fund, and the employer shall make contributions on behalf of the person, as provided in ORS 237.081. Payments of retirement allowance received by such person during separation from the service shall not be repaid into the retirement fund after the person reenters public employment except as provided in paragraph (c) of this subsection and subsection (2) of this section, but the amount of such payment shall be deducted from such employee's reserve in the retirement fund and the remainder shall be credited pro rata to the funds from which it was derived.

(c) Upon reentering public employment as by this subsection provided, the former retirement of such person and any election of option for payment of retirement benefits theretofore made by the person shall be canceled; and thereafter upon retiring such person may elect any option for payment of retirement benefits authorized by ORS 237.001 to 237.315, except that persons who elected to receive lump sum payment of benefits pursuant to ORS 237.151 or 237.155 (2) at the time of their former retirement may not elect any other option at the time of their subsequent retirement unless an amount equal to the lump sum and the interest that would have accumulated on the sum has been repaid by the employee to the fund. Upon such subsequent retirement any prior

14        "SECTION 6. ORS 237.153 is amended to read:

15        "237.153. (1)(a) Upon the request by a public employer that its  
16 employees be compensated for accumulated unused sick leave with pay in the  
17 form of increased retirement benefits upon service or disability retirement,  
18 the board shall establish a procedure for adding to the gross amount of  
19 salary used in determining final average salary the monetary value of one-half  
20 of the accumulated unused sick leave with pay of each retiring employee of the  
21 requesting public employer and shall establish benefits of the retiring employee  
22 on the basis of a final average salary reflecting that addition.

23        "(b) For employees of a common school district, a union high school  
24 district, an education service district or a community college, or employees of  
25 the State Board of Higher Education engaged in teaching or other school  
26 activity at an institution of higher education, who are employed under  
27 contract for a period of less than 12 consecutive months and who are entitled  
28 to sick leave with pay of less than 96 hours for a year, each hour of  
1        ~~accumulated~~ unused sick leave with pay shall be valued on the basis of  
2        [1,520] the actual number of contract hours of employment during the last  
3        year of contributing membership of an employee before retiring and the salary  
4        of the employee during the same period. This paragraph does not apply to  
5        any employee who is employed under contract for 12 consecutive months in any  
6        of the three or less years used in determining the final average salary of the  
7        employee.

8        "(2) Accumulated unused sick leave with pay may be considered for the  
9        purpose of subsection (1) of this section only in accordance with the following  
10       requirements:

11        "(a) Sick leave not credited at the rate actually provided by the public  
12 employer may not be considered. The amount of sick leave exceeding an  
13 amount credited at the lowest rate in effect for any employee of the public  
14 employer who is normally entitled to sick leave, and in any event exceeding  
15 an amount credited at a rate of eight hours for each full month worked, may  
16 not be considered.

17        "(b) Sick leave credited for periods when an employee was absent from  
18 employment on sabbatical leave, educational leave or any leave without pay  
19 may not be considered.

19 may not be considered.

20 "(c) Any period during which an employee was absent from employment for  
21 illness or injury that was charged against sick leave not qualified for  
22 consideration shall be deducted from sick leave qualified for consideration.

23 "(d) Sick leave for any period for which the public employer provides no  
24 sick leave with pay for its employees may not be considered.

25 "(e) Sick leave accumulated on and after July 1, 1973, may be considered  
26 only to the extent it is supported by records of accumulation and use  
27 pursuant to a plan adopted formally by the public employer.

1 "(f) Accumulated unused sick leave for periods before July 1, 1973, may  
2 be considered as follows:

3 "(A) If any department, bureau or other organizational unit of a public  
4 employer maintained formal records of accumulation and use even though the  
5 public employer did not require that those records be maintained, the  
6 accumulated unused sick leave shall be considered according to those records.

7 "(B) Where the public employer provided sick leave before July 1, 1973,  
8 but formal records of accumulation and use were not required or if required,  
9 are unavailable or incomplete, or the sick leave was subject to administrative  
10 limitations on total accumulation or transfer between public employers,  
11 accumulated unused sick leave for periods before July 1, 1973, may be  
12 considered as equal to 2.675 hours for each full month worked, but reduced  
13 by the amount of any accumulated unused sick leave credited to an employee  
14 on July 1, 1973.

15 "(g) The written certification of a member or former member of the  
16 Legislative Assembly shall constitute a formal record of accumulation and use  
17 in determining the amount of accumulated unused sick leave of an employee of  
18 the Legislative Assembly, either of its houses or any of its committees or  
19 officers for periods of employment before July 1, 1981. Sick leave  
20 accumulated on and after July 1, 1981, by employees of the Legislative  
21 Assembly, either of its houses or any of its committees or officers may be  
22 considered only to the extent it is supported by records of accumulation and  
23 use maintained by the Legislative Administration Committee, or any statutory,  
24 standing, special or interim committee of the Legislative Assembly or either  
25 house thereof, or any constitutional or statutory office of the Legislative



26 Assembly or either house thereof, pursuant to a plan adopted formally by the  
27 committee or officer.

1       "(3)(a) As used in this subsection, 'legislative employee' means any person  
2 employed by the Legislative Assembly, either of its houses or any of its  
3 committees or officers, but does not include a regular employe of a statutory  
4 committee or statutory office of the Legislative Assembly described in ORS  
5 173.005 (1).

6       "(b) Upon the request of a retiring legislative employee who is a member  
7 of the system, and the request of the public employer of the legislative  
8 employe, that the legislative employee be compensated for accumulated unused  
9 vacation with pay for periods of legislative employment in the form of  
10 increased retirement benefits upon service or disability retirement, the board  
11 shall add to the gross amount of salary used in determining final average  
12 salary of the legislative employee the monetary value of one-half of the  
13 accumulated unused vacation with pay of the legislative employee and shall  
14 establish the benefits of the legislative employee on the basis of a final  
15 average salary reflecting that addition.

16       "(c) Accumulated unused vacation with pay may be considered for the  
17 purposes of paragraph (b) of this subsection only in accordance with the  
18 following requirements:

19       "(A) Vacation not credited at the rate actually provided by the public  
20 employer may not be considered.

21       "(B) Amounts of vacation exceeding amounts creditable to employees in the  
22 classified service of the state service pursuant to ORS 240.515 (1), and rules  
23 adopted pursuant thereto, in effect on June 30, 1981, shall not be  
24 considered.

25       "(C) Vacation accumulated before, on and after July 1, 1981, may be  
26 considered only to the extent it is supported by records of accumulation and  
27 use pursuant to a plan adopted formally by the public employer. However,  
28 the written certification of a member or former member of the Legislative  
1 Assembly shall constitute a formal record of accumulation and use in  
2 determining the amount of accumulated unused vacation of a legislative  
3 employe for periods of legislative employment before July 1, 1981.

4       "(4) For the purpose of this subsection, the board shall

6 "(b) Upon the request of a retiring legislative employee who is a member  
7 of the system, and the request of the public employer of the legislative  
8 employee, that the legislative employee be compensated for accumulated unused  
9 vacation with pay for periods of legislative employment in the form of  
10 increased retirement benefits upon service or disability retirement, the board  
11 shall add to the gross amount of salary used in determining final average  
12 salary of the legislative employee the monetary value of one-half of the  
13 accumulated unused vacation with pay of the legislative employee and shall  
14 establish the benefits of the legislative employee on the basis of a final  
15 average salary reflecting that addition.

16 "(c) Accumulated unused vacation with pay may be considered for the  
17 purposes of paragraph (b) of this subsection only in accordance with the  
18 following requirements:

19 "(A) Vacation not credited at the rate actually provided by the public  
20 employer may not be considered.

21 "(B) Amounts of vacation exceeding amounts creditable to employees in the  
22 classified service of the state service pursuant to ORS 240.515 (1), and rules  
23 adopted pursuant thereto, in effect on June 30, 1981, shall not be  
24 considered.

25 "(C) Vacation accumulated before, on and after July 1, 1981, may be  
26 considered only to the extent it is supported by records of accumulation and  
27 use pursuant to a plan adopted formally by the public employer. However,  
28 the written certification of a member or former member of the Legislative  
1 Assembly shall constitute a formal record of accumulation and use in  
2 determining the amount of accumulated unused vacation of a legislative  
3 employee for periods of legislative employment before July 1, 1981.

4 "(4) Employers with plans providing payments on account of sickness in  
5 lieu of sick leave with pay may request the board to consider the monetary  
6 value of accumulated unused payments on account of sickness as if such  
7 payments were an equivalent amount of accumulated unused sick leave with  
8 pay under the same terms and conditions specified in subsections (1) and (2)  
9 of this section.

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1 extent thereof if necessary, will be used to pay the expenses of last illness and funeral of the deceased, shall  
2 completely discharge the board and system on account of the death.

3 (3) If the beneficiary designated under subsection (1) of this section is the spouse of the member, such  
4 spouse may elect to receive the amount payable in actuarially determined monthly payments for the life of such  
5 spouse.

6 (4) In the event that a person who is a member of the system dies before retiring, has not designated a  
7 beneficiary under subsection (1) of this section, has no surviving next of kin referred to in subsection (2) of this  
8 section and whose estate will not be probated, the amount of money credited at the time of death to the account  
9 of the member in the fund shall be paid directly without probate for the following purposes in the order listed:

10 (a) Expenses of the funeral of the deceased.

11 (b) Medical expenses of the last illness of the deceased.

12 (c) Hospital expenses of the last illness of the deceased.

13 Claims for payment of expenses under this subsection shall be filed with the board within six months after the  
14 date of death of the deceased. If no claims are filed within the six-month period, the amount shall be credited to  
15 the fund as are employer contributions. If a balance of the amount remains after payment of valid claims filed  
16 within the six-month period, the balance shall be credited to the fund as are employer contributions. Payments  
17 under this subsection shall completely discharge the board and system on account of the death.

18 (5) Accrued benefits due a retired member at the time of death are payable to **the designated beneficiary**  
19 **and, if none,** to the administrator or executor of the estate of the member. If the estate will not be probated,  
20 they may be paid [*to the designated beneficiary or*], upon receipt by the board of the affidavit referred to in  
21 subsection (2) of this section, to the next of kin in the order listed in subsection (2) of this section. If the estate  
22 will not be probated and if there is no beneficiary or next of kin, accrued benefits or a balance due under a  
23 refund annuity option shall be paid or credited for the purposes and in the manner provided in subsection (4) of  
24 this section. For the purpose of determining accrued benefits due a retired member at the time of death,  
25 accrued benefits are considered to have ceased as of the last day of the month preceding the month in which the  
26 retired member dies; but if Option 2 or Option 3 under ORS 237.155 has been elected as provided in ORS  
27 237.001 to 237.315 and the beneficiary survives the retired member, the benefits to the beneficiary shall  
28 commence as of the first day of the month in which the retired member dies, and payment of benefits under  
29 Option 2 or Option 3 shall cease with the payment for the month preceding the month in which the beneficiary  
30 dies.

31 (6) Nothing in ORS 237.001 to 237.315 shall be construed to prevent the Public Employees' Retirement  
32 Board from crediting interest earnings to the account of a deceased member whose beneficiary is a minor, until  
33 such time as the beneficiary attains majority, or until a legal guardian for the beneficiary has been named,  
34 whichever is sooner.

35 **SECTION 6.** ORS 237.169 is amended to read:

36 237.169. (1) In addition to any other benefits under ORS 237.001 to 237.315, a death benefit, provided by  
37 current service contributions of the public employer under ORS 237.081, shall be paid to the beneficiaries  
38 designated under ORS 237.165 (1) of a person who is a member of the system and who either is employed in the  
39 service of a public employer which is a member of the system on the date of [*his*] death or **who prior to retiring**

1 and receiving disability or service retirement allowances, dies as a result of injuries received while employed in  
2 the service of the public employer or [*dies*] within 120 days after termination from services.

3 (2) The death benefit referred to in subsection (1) of this section shall be an amount equal to the member's  
4 account balance at the time of [*his*] death.

5 (3) In the event that a beneficiary has not been named as provided in subsection (1) of this section and ORS  
6 237.165 (1), the death benefit referred to in subsection (1) of this section shall be paid to the same person or  
7 persons and in the same manner as provided for payment of money credited to [*his*] the member's account in  
8 ORS 237.165 (2).

9 (4) In the event that a beneficiary has not been designated and the deceased member has no surviving next  
10 of kin referred to in ORS 237.165 (2), the death benefit referred to in subsection (1) of this section shall be used  
11 for the same purpose and in the same manner as provided for the use of money credited to <sup>the member's</sup> ~~this or her~~ account in  
12 ORS 237.165 <sup>4</sup> (b).

13 (5) If the beneficiary designated under subsection (1) of this section and ORS 237.165 (1) is the spouse of  
14 the member, such spouse may elect to receive the amount payable in actuarially determined monthly payments  
15 for the life of such spouse.

16 SECTION <sup>9</sup> 7. ORS 192.500 is amended to read:

17 192.500. (1) The following public records are exempt from disclosure under ORS 192.410 to 192.500 unless  
18 the public interest requires disclosure in the particular instance:

19 (a) Records of a public body pertaining to litigation to which the public body is a party if the complaint has  
20 been filed, or if the complaint has not been filed, if the public body shows that such litigation is reasonably  
21 likely to occur. This exemption does not apply to litigation which has been concluded, and nothing in this  
22 paragraph shall limit any right or opportunity granted by discovery or deposition statutes to a party to litigation  
23 or potential litigation;

24 (b) Trade secrets. "Trade secrets," as used in this section, may include, but are not limited to, any  
25 formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of  
26 information which is not patented, which is known only to certain individuals within a commercial concern who  
27 are using it to fabricate, produce, or compound an article of trade or a service or to locate minerals or other  
28 substances, having commercial value, and which gives its user an opportunity to obtain a business advantage  
29 over competitors who do not know or use it;

30 (c) Investigatory information compiled for criminal law purposes, except that the record of an arrest or the  
31 report of a crime shall not be confidential unless and only so long as there is a clear need in a particular case to  
32 delay disclosure in the course of a specific investigation. Nothing in this paragraph shall limit any right  
33 constitutionally guaranteed, or granted by statute, to disclosure or discovery in criminal cases. For purposes of  
34 this paragraph, the record of an arrest or the report of a crime includes, but is not limited to:

35 (A) The arrested person's name, age, residence, employment, marital status and similar biographical  
36 information;

37 (B) The offense with which the arrested person is charged;

38 (C) The conditions of release pursuant to ORS 135.230 to 135.290;

39 (D) The identity of and biographical information concerning both complaining party and victim;

40 (E) The identity of the investigating and arresting agency and the length of the investigation;

1 (F) The circumstances of arrest, including time, place, resistance, pursuit and weapons used; and

2 (G) Such information as may be necessary to enlist public assistance in apprehending fugitives from  
3 justice;

4 (d) Test questions, scoring keys, and other examination data used to administer a licensing examination,  
5 examination for employment, or academic examination before the examination is given and if the examination  
6 is to be used again;

7 (e) Information consisting of production records, sale or purchase records or catch records, or similar  
8 business records of a private concern or enterprise, required by law to be submitted to or inspected by a  
9 governmental body to allow it to determine fees or assessments payable or to establish production quotas, and  
10 the amounts of such fees or assessments payable or paid, to the extent that such information is in a form which  
11 would permit identification of the individual concern or enterprise. This exemption does not include records  
12 submitted by long term care facilities as defined in ORS 442.015 to the state for purposes of reimbursement of  
13 expenses or determining fees for patient care. Nothing in this paragraph shall limit the use which can be made  
14 of such information for regulatory purposes or its admissibility in any enforcement proceeding;

15 (f) Information relating to the appraisal of real estate prior to its acquisition;

16 (g) The names and signatures of employees who sign authorization cards or petitions for the purpose of  
17 requesting representation or decertification elections;

18 (h) Investigatory information relating to any complaint filed under ORS 659.040 or 659.045, until such time  
19 as the complaint is resolved under ORS 659.050, or a final administrative determination is made under ORS  
20 659.060;

21 (i) Investigatory information relating to any complaint or charge filed under ORS 243.676 and 663.180; and

22 (j) The circulation records of a public library showing use of specific library materials by named persons.

23 (2) The following public records are exempt from disclosure under ORS 192.410 to 192.500:

24 (a) Communications within a public body or between public bodies of an advisory nature to the extent that  
25 they cover other than purely factual materials and are preliminary to any final agency determination of policy  
26 or action. This exemption shall not apply unless the public body shows that in the particular instance the public  
27 interest in encouraging frank communication between officials and employees of public bodies clearly outweighs  
28 the public interest in disclosure;

29 (b) Information of a personal nature such as but not limited to that kept in a personal, medical or similar  
30 file, if the public disclosure thereof would constitute an unreasonable invasion of privacy, unless the public  
31 interest by clear and convincing evidence requires disclosure in the particular instance. The party seeking  
32 disclosure shall have the burden of showing that public disclosure would not constitute an unreasonable  
33 invasion of privacy;

34 (c) Information submitted to a public body in confidence and not otherwise required by law to be  
35 submitted, where such information should reasonably be considered confidential, the public body has obliged  
36 itself in good faith not to disclose the information, and when the public interest would suffer by the disclosure;

37 (d) Information or records of the Corrections Division, including the State Board of Parole, to the extent  
38 that disclosure thereof would interfere with the rehabilitation of a person in custody of the division or  
39 substantially prejudice or prevent the carrying out of the functions of the division, if the public interest in  
40 confidentiality clearly outweighs the public interest in disclosure;

23 "SECTION 9. ORS 239.002 is amended to read:

24 "239.002. As used in this chapter, unless the context requires otherwise:

25 "(1) 'Active member' means a member of the association who has not retired on account of age or  
26 disability.

27 "(2) 'Annuity' means payments for life derived from contributions made by a member as provided in this  
28 chapter.

29 "(3) 'Association' means a teachers' retirement fund association organized pursuant to this chapter in a  
30 school district as defined in this section.

31 "(4) 'Calendar year' means 12 calendar months commencing on January 1 and ending on December 31  
32 following.

33 "(5) 'Continuous service' means service not interrupted for more than five years, except that such  
34 continuous service shall be computed without regard to interruptions in the case of:

35 "(a) A teacher who had returned to the service of the school district as of January 1, 1945, and who  
36 remained in that employment until July 1, 1946.

37 "(b) A teacher who was in the Armed Services on January 1, 1945, and returned to the school district  
38 within one year of the date of being otherwise than dishonorably discharged and remained in that employment  
39 until having established membership in the Teachers' Retirement System.

40 "(6) 'Fiscal year' means 12 calendar months commencing on July 1 and ending on June 30 following.

1 "(7) 'Pension' means annual payments for life derived from contributions by a school district as defined in  
2 this section.

3 "(8) 'Public Employes' Retirement System' or 'Public Employes' Retirement Act' means the provisions of  
4 ORS 237.001 to 237.315.

5 "(9) 'Public employer' means the same as that term is defined in ORS 237.003.

6 "(10) 'Salary' means the remuneration paid a teacher in cash out of the funds of a school district in return  
7 for [his] services to the school district, plus the monetary value, as determined by the board of trustees of the  
8 association with the approval of the school board, of whatever living quarters, board, lodging, fuel, laundry and  
9 other advantages the school district furnishes [him] the teacher in return for [his] services. The definitions of  
10 'salary' and 'other advantages' in ORS 237.003 (8)(b) and (c) are applicable under this chapter to the extent  
11 pertinent under this chapter.

12 "(11) 'School board' means the board of directors of a school district as defined in this section.

13 "(12) 'School district' means any district having more than 10,000 children of school age.

14 "(13) 'School year' means the period beginning July 1 and ending June 30 next following.

15 "(14) 'Teacher' includes all superintendents, assistant superintendents, supervisors, principals, vice  
16 principals, directors of departments, and instructors in the employ of school districts as defined in this section  
17 pursuant to an election by the school board for a period of one year or more.

18 "SECTION 10. ORS 239.215 is amended to read:

19 "239.215. (1) In the event that a teacher who is a member of the Teachers' Retirement System, who has  
20 made contributions to the fund during each of five calendar years, and who has not attained [his] earliest  
21 retirement age, is separated, for any reason other than death or disability, from all service entitling [him] the  
22 teacher to membership in the system, [his] the account shall remain to [his] the teacher's credit in the fund  
23 unless [he] the teacher elects to withdraw it and there shall be paid such death benefits as ORS 239.201 to  
24 239.263 provide; or a disability retirement allowance or, after attaining [his] earliest retirement age, a service  
25 retirement allowance, either of which shall consist of:

26 "(a) An annuity which shall be the actuarial equivalent of [his] the teacher's accumulated contributions and  
27 interest thereon credited to [him] the teacher; and

28 "(b) A pension which when added to the annuity referred to in paragraph (a) of this subsection shall

interest thereon credited to [him] the teacher; and

“(b) A pension which when added to the annuity referred to in paragraph (a) of this subsection shall provide [him] the teacher the same total retirement allowance [he] the teacher could receive from the Public Employees’ Retirement System had [he] the teacher become a member of that system on July 1, 1946, or upon completing six months’ service to the school district uninterrupted by a total of more than 30 working days during the six-month period, whichever is later, and had [his] employee contributions toward retirement and subsequent service been made and performed at identical times and in identical amounts as a member of the Public Employees’ Retirement System and had [his] the teacher’s separation from service for a reason other than superannuation, death or disability occurred at the identical time as a member of the Public Employees’ Retirement System.

“(2) In the event that a teacher who is a member of the system and has not attained [his] earliest service retirement age, is separated, for any reason other than death or disability, from all service entitling [him] the teacher to membership in the system, [he] the teacher may, after the expiration of 30 days after the date of [his] separation, withdraw from the fund the amount credited to [him in his] the teacher’s account. Such withdrawal shall cancel all membership rights in the Teachers’ Retirement System, including the right to claim credit for any employments prior to withdrawal. If such teacher has contributed to the fund in each of five calendar years and terminates before reaching earliest retirement age, [he] the teacher may, before reaching earliest retirement age, elect to withdraw [his] the teacher’s account balance in the fund. Failing to make such election, there shall be paid the benefits or retirement allowances described in subsection (1) of this section.

“(3) Whenever, within five years after [he] the teacher is separated from all service entitling [him] the teacher to membership in the system, a teacher who has withdrawn the amount credited to [him] the teacher’s account reenters the service of the school district, [his] the teacher’s rights in the system which were forfeited by the withdrawal shall be restored upon [his] repaying to the association within one year after reentering the service of the school district, the full amount so withdrawn together with the interest that would have been accumulated on the sum had the amount not been withdrawn.

“SECTION 4. ORS 239.219 is amended to read:

“239.219. (1)(a) Any member of the Teachers’ Retirement System who is retired after having reached earliest service retirement age, but before having reached compulsory retirement age, and who has been retired for more than six consecutive calendar months, may be reemployed before reaching compulsory retirement age by the school district even though such retired teacher has been receiving retirement benefits.

“(b) Any teacher reemployed as by this subsection provided shall resume making contributions to the retirement fund. Payments of retirement allowance received by such teacher during separation from the service shall not be repaid into the retirement fund after the teacher reenters public employment except as provided in paragraph (c) of this subsection and subsection (2) of this section; but the amount of annuity payments included in such retirement allowance shall be deducted from such teacher’s reserve in the retirement fund and the remainder of the reserve, if any, shall be credited pro rata to the funds from which it was derived.

“(c) Upon reentering the employment of the school district as by this subsection provided, the former retirement of such teacher and any election of option for payment of retirement benefits theretofore made by the teacher shall be canceled; and thereafter upon retiring such teacher may elect any option for payment of retirement benefits authorized by ORS 239.201 to 239.263, except that teachers who elected to receive lump sum payment of benefits pursuant to ORS 239.229 (2) or 239.253 at the time of their former retirement may not elect any other option at the time of their subsequent retirement unless an amount equal to the lump sum and the interest that would have accumulated on the sum has been repaid by the teacher to the fund. Upon such subsequent retirement, the pension paid the teacher shall be the same as if the teacher had formerly retired, reentered employment with the school district as by this subsection provided, and subsequently retired at identical times and under identical circumstances as a member of the Public Employees’ Retirement System.

“(2) Any member of the system who is retired after having reached earliest service retirement age, but

"(2) Any member of the system who is retired after having reached earliest service retirement age, but before having reached compulsory retirement age, and who has been retired for less than six consecutive calendar months may be reemployed before reaching compulsory retirement age by the school district, even though such retired teacher has been receiving retirement benefits, only upon immediate repayment in a lump sum by the member of the amount of retirement benefits drawn, after which repayment the account of the member shall be reestablished just as it was at the time of earlier retirement, and the school district shall receive credit for the pension portion of such benefits.

"(3) If a member of the system who retired before August 21, 1981, is reemployed, as provided in this section, beginning on or after August 21, 1981, the service retirement allowance received upon subsequent retirement by the member shall be:

"(a) For service before August 21, 1981, an allowance pursuant to ORS 239.227 including a current service pension computed on the basis of ORS 237.147 (2) (1979 Replacement Part).

"(b) For service on or after August 21, 1981, an allowance pursuant to ORS 239.227 including a current service pension computed on the basis of ORS 237.147 (2).

**"SECTION 3. ORS 239.259 is amended to read:**

"239.259. (1) In the event that a person who is a member of the Teachers' Retirement System dies before retiring, the amount of money credited at the time of death to the account of the member in the fund shall be paid to the beneficiaries designated by the member. For this purpose a member may designate as a beneficiary any person or the executor or administrator of the estate of the member or a trustee named by the member to execute an express trust in regard to such amount. **The withdrawal from the fund of the amount in the account of a member pursuant to ORS 239.215 (2) shall not invalidate a prior designation of beneficiary in the event a member returns to the service of the school district, regardless of whether the sum is repaid to the fund pursuant to ORS 239.215 (3).**

"(2) In the event that a person who is a member of the Teachers' Retirement System dies before retiring and has not designated a beneficiary under subsection (1) of this section, the amount of money credited at the time of death to the account of the member in the fund shall be paid to the deceased's estate if it is to be probated and, if not, then it shall be paid directly without probate to the surviving next of kin of the deceased or the guardian of the survivor's estate, share and share alike, payment to be made to survivors in the following groups in the order listed:

"(a) Husband or wife, or

"(b) Children, or

"(c) Father and mother, or

"(d) Grandchildren, or

"(e) Brothers and sisters, or

"(f) Nieces and nephews.

No payment shall be made to persons included in any of these groups should there be living at the date of payment persons in any of the groups preceding it as listed. Payment to the persons in any group, upon receipt from them of an affidavit upon a form supplied by the board of trustees of the association, that there are no living individuals in a group preceding it, that the estate of the deceased will not be probated and that the amount of money, to the full extent thereof if necessary, will be used to pay the expenses of last illness and funeral of the deceased, shall completely discharge the board of trustees, the association and the Teachers' Retirement System on account of the death.

"(3) If the beneficiary designated under subsection (1) of this section is the spouse of the member, such spouse may elect to receive the amount payable in actuarially determined monthly payments for the life of such spouse.

"(4) In the event that a person who is a member of the Teachers' Retirement System dies before retiring



36 (4) In the event that a person who is a member of the Teachers' Retirement System dies before retiring,  
37 has not designated a beneficiary under subsection (1) of this section, has no surviving next of kin referred to in  
38 subsection (2) of this section and whose estate will not be probated, the amount of money credited at the time  
39 of death to the account of the member in the fund shall be paid directly without probate for the following  
→ 40 purposes in the order listed:

1 "(a) Expenses of the funeral of the deceased.

2 "(b) Medical expenses of the last illness of the deceased.

3 "(c) Hospital expenses of the last illness of the deceased.

4 Claims for payment of expenses under this subsection shall be filed with the board of trustees of the association  
5 within six months after the date of death of the deceased. If no claims are filed within the six-month period, the  
6 amount shall be credited to the fund and used as are payments into the association by the school board. If a  
7 balance of the amount remains after payment of valid claims filed within the six-month period, the balance shall  
8 be credited to the fund and used as are payments into the association by the school board. Payments under this  
9 subsection shall completely discharge the board of trustees, the association and the Teachers' Retirement  
10 System on account of the death.

11 "(5) Accrued benefits due a retired member at the time of death are payable to the designated beneficiary  
12 and, if none, to the administrator or executor of the estate of the member. If the estate will not be probated,  
13 they may be paid [to the designated beneficiary or], upon receipt by the board of trustees of the association of  
14 the affidavit referred to in subsection (2) of this section, to the next of kin in the order listed in subsection (2) of  
15 this section. If the estate will not be probated and if there is no beneficiary or next of kin, accrued benefits or a  
16 balance due under a refund annuity option shall be paid or credited for the purposes and in the manner provided  
17 in subsection (4) of this section. For the purpose of determining accrued benefits due a retired member at the  
18 time of death, accrued benefits are considered to have ceased as of the last day of the month preceding the  
19 month in which the retired member dies; but if Option 2 or Option 3 under ORS 239.229 has been elected as  
20 provided in ORS 239.002 to 239.263 and the beneficiary survives the retired member, the benefits to the  
21 beneficiary shall commence as of the first day of the month in which the retired member dies, and payments of  
22 benefits under Option 2 or Option 3 shall cease with the payment for the month preceding the month in which  
23 the beneficiary dies.

24 "(6) Nothing in ORS 239.133 to 239.137 and 239.201 to 239.263 shall be construed to prevent the  
25 association from crediting interest earnings to the account of a deceased member whose beneficiary is a minor,  
26 until such time as the beneficiary attains majority, or until a legal guardian for the beneficiary has been named,  
27 whichever is sooner.

28 <sup>if</sup> "SECTION 25. ORS 239.260 is amended to read:

29 "239.260. (1) In addition to any other benefits under ORS 239.002 to 239.263, a death benefit, provided by  
30 contributions of the school district under ORS 239.205, shall be paid to the beneficiaries designated under ORS  
31 239.259 (1) of a teacher who is a member of the system and who either is employed in the service of the school  
32 district on the date of [his] death or who prior to retiring and receiving disability or service retirement allowances,  
33 dies as a result of injuries received while employed in the service of the school district or [dies] within 120 days  
34 after termination from services.

35 "(2) The death benefit referred to in subsection (1) of this section shall be an amount equal to the  
36 member's account balance at the time of [his] death.

37 "(3) In the event that a beneficiary has not been named as provided in subsection (1) of this section and  
38 ORS 239.259 (1), the death benefit referred to in subsection (1) of this section shall be paid to the same person  
39 or persons and in the same manner as provided for payment of money credited to [his] the member's account in  
40 ORS 239.259 (2).

1 "(4) In the event that a beneficiary has not been designated and the deceased member has no surviving  
2 next of kin referred to in ORS 239.259 (2), the death benefit referred to in subsection (1) of this section shall be

4 Claims for payment of expenses under this subsection shall be filed with the board of trustees of the association  
5 within six months after the date of death of the deceased. If no claims are filed within the six-month period, the  
6 amount shall be credited to the fund and used as are payments into the association by the school board. If a  
7 balance of the amount remains after payment of valid claims filed within the six-month period, the balance shall  
8 be credited to the fund and used as are payments into the association by the school board. Payments under this  
9 subsection shall completely discharge the board of trustees, the association and the Teachers' Retirement  
10 System on account of the death.

11 "(5) Accrued benefits due a retired member at the time of death are payable to the **designated beneficiary**  
12 **and, if none, to the administrator or executor of the estate of the member.** If the estate will not be probated,  
13 they may be paid [*to the designated beneficiary or*], upon receipt by the board of trustees of the association of  
14 the affidavit referred to in subsection (2) of this section, to the next of kin in the order listed in subsection (2) of  
15 this section. If the estate will not be probated and if there is no beneficiary or next of kin, accrued benefits or a  
16 balance due under a refund annuity option shall be paid or credited for the purposes and in the manner provided  
17 in subsection (4) of this section. For the purpose of determining accrued benefits due a retired member at the  
18 time of death, accrued benefits are considered to have ceased as of the last day of the month preceding the  
19 month in which the retired member dies; but if Option 2 or Option 3 under ORS 239.229 has been elected as  
20 provided in ORS 239.002 to 239.263 and the beneficiary survives the retired member, the benefits to the  
21 beneficiary shall commence as of the first day of the month in which the retired member dies, and payments of  
22 benefits under Option 2 or Option 3 shall cease with the payment for the month preceding the month in which  
23 the beneficiary dies.

24 "(6) Nothing in ORS 239.133 to 239.137 and 239.201 to 239.263 shall be construed to prevent the  
25 association from crediting interest earnings to the account of a deceased member whose beneficiary is a minor,  
26 until such time as the beneficiary attains majority, or until a legal guardian for the beneficiary has been named,  
27 whichever is sooner.

28 *insert*  
② "SECTION <sup>4</sup>~~25~~ ORS 239.260 is amended to read:

29 "239.260. (1) In addition to any other benefits under ORS 239.002 to 239.263, a death benefit, provided by  
30 contributions of the school district under ORS 239.205, shall be paid to the beneficiaries designated under ORS  
31 239.259 (1) of a teacher who is a member of the system and who either is employed in the service of the school  
32 district on the date of [*his*] death or **who prior to retiring and receiving disability or service retirement allowances,**  
33 dies as a result of injuries received while employed in the service of the school district or [*dies*] within 120 days  
34 after termination from services.

35 "(2) The death benefit referred to in subsection (1) of this section shall be an amount equal to the  
36 member's account balance at the time of [*his*] death.

37 "(3) In the event that a beneficiary has not been named as provided in subsection (1) of this section and  
38 ORS 239.259 (1), the death benefit referred to in subsection (1) of this section shall be paid to the same person  
39 or persons and in the same manner as provided for payment of money credited to [*his*] **the member's** account in  
40 ORS 239.259 (2).

1 "(4) In the event that a beneficiary has not been designated and the deceased member has no surviving  
2 next of kin referred to in ORS 239.259 (2), the death benefit referred to in subsection (1) of this section shall be  
3 used for the same purpose and in the same manner as provided for the use of money credited to [*his*] **the**  
4 **member's** account in ORS 239.259 (4).

5 "(5) If the beneficiary designated under subsection (1) of this section and ORS 239.259 (1) is the spouse of  
6 the member, such spouse may elect to receive the amount payable in actuarially determined monthly payments  
7 for the life of such spouse."

# Examples of Computation of Sick Leave Value

$$\begin{array}{r} \text{At } \$20,000 \\ \hline \text{Per Day} \quad \frac{100}{2} \\ \text{Per Hr.} \\ \$147.36/\text{day} \quad \$7,368 \\ \$18.42/\text{hr} \end{array}$$

$$190 \text{ days} = 1520 \text{ hrs}$$

$$200 \text{ days} = 1600 \text{ hrs}$$

$$220 \text{ days} = 1760 \text{ hrs}$$

$$240 \text{ days} = 1920 \text{ hrs}$$

$$260 \text{ days} = 2080 \text{ hrs}$$

$$280 \text{ days} = 2240 \text{ hrs}$$

$$\begin{array}{r} \$140.00/\text{day} \quad \$7,000 \\ \$17.50/\text{hr} \end{array}$$

$$\begin{array}{r} \$127.27/\text{day} \quad \$6,363.63 \\ \$15.90/\text{hr} \end{array}$$

$$\begin{array}{r} \$116.66/\text{day} \quad \$5,833.33 \\ \$14.58/\text{hr} \end{array}$$

$$\begin{array}{r} \$107.69/\text{day} \quad \$5,348.61 \\ \$13.46/\text{hr} \end{array}$$

$$\begin{array}{r} \$155.55/\text{day} \quad \$7,777.77 \\ \$19.44/\text{hr} \end{array}$$

$$\begin{array}{r} \text{At } \$32,000 \\ \hline \text{Per Day} \quad \frac{100}{2} \\ \text{Per Hr.} \\ \$168.42/\text{day} \quad \$8,421 \\ \$21.05/\text{hr} \end{array}$$

$$\begin{array}{r} \$160.00/\text{day} \quad \$8,000 \\ \$20.00/\text{hr} \end{array}$$

$$\begin{array}{r} \$145.45/\text{day} \quad \$7,272.72 \\ \$18.18/\text{hr} \end{array}$$

$$\begin{array}{r} \$133.33/\text{day} \quad \$6,666.66 \\ \$16.66/\text{hr} \end{array}$$

$$\begin{array}{r} \$123.07/\text{day} \quad \$6,153.84 \\ \$15.38/\text{hr} \end{array}$$

$$\begin{array}{r} \$177.77/\text{day} \quad \$8,888.88 \\ \$22.22/\text{hr} \end{array}$$

CALENDAR & WORKDAYS 1982-83  
3000 & Over Adm District

<u>School District</u>	<u>Student School Days</u>	<u>Teacher Contract Days</u>	<u>Paid Holidays</u>	<u>Inservice Days</u>	<u>Required Hours in Building</u>		
					<u>Elem.</u>	<u>Jr.Hi.</u>	<u>Hi.S.</u>
Beaverton 48	179	191	5	7	8	8	8
Bend 1	176	188	5	4	7½	7½	7½
Bethel 52	178	192	5	0	8	8	8
Central Point 6	177	190	6	7	8	8	8
Coos Bay 9	176	190	6	3	8	8	8
Corvallis 509	178	190	7	5	8	8	8
David Douglas 40	179	190	5	6	--	--	--
Eugene 4	178	191	5	8	8	8	8
Grants Pass 7	180	189	4	4	8	8	8
Greater Albany 8	179	190	4	7	7 3/4	7 3/4	7 3/4
Gresham 4	177	189	8	1	8	8	--
Hermiston 8	178	187	3	2	8	8	8
Hillsboro E7	178	190	5	7	8	--	--
Hillsboro UH 3	178	190	5	7	--	--	--
Josephine CU	176	186	5	--	8	8	8
Klamath CU	177	190	5	--	8	8	8
Lake Oswego 7	180	191	6	5	8	8	8
Lincoln CU	179	190	5	4	7½	7½	7½
McMinnville 40	177	190	5	6	8	8	8
Medford 549	176	190	6	8	--	--	--
Newberg 29	177	191	6	4	8	8	8
North Bend 13	176	191	8	7	8	8	8
North Clackamas 12	--	--	--	--	--	--	--
Oregon City 62	175E, 176	190	6	3	8	8	8
Parkrose 3	176-177	191	5	3	8	8	8
Pendleton 16	177	190	4	5	7	7	7
Portland 1	--	--	--	--	--	--	--
Redmond 2	175	189	6	3	8	8	8
Reynolds 7	178	190	5	7	8	8	8
Roseburg 4	175	190	7	8	8	8	8
Salem 24	175	190	7	8	7½	7½	7½
Springfield 19	178	193	7	4-5	8	8	8
Tigard	177	191	5	3	8	8	8
West Linn 3	177	191	6	7	8	8	8

ADMINISTRATIVE SALARIES 1982-83  
3000 AND OVER ADM DISTRICTS

School District	SUPERINTENDENT			AREA SUPERINTENDENT/DIRECTOR				
	Salary	Con- tract Days	Pd. Hol.	No.	Con- tract Days	Sal. or Avg.	Salary Range	Pd. Hol.
Albany (Greater) 8	45880	238	9	--	--	--	--	--
Beaverton 48	60701	231	9	3a	231	44736	--	--
Bend 1	49500	240	6	1b	231	49193	--	9
Bethel 52	44058	240	8	1b	228	38450	--	9
Centennial 28	45500	238	8	--	--	--	--	6
Central Point 6	46055	225	10	--	--	--	--	--
Coos Bay 9	43000	240	9	--	--	--	--	--
Corvallis 509	47775	235	7	--	--	--	--	--
David Douglas 40	48000	240	8	--	--	--	--	--
Eugene 4	53000	264	9	1b	264	48400	--	--
Forest Grove 15	42000	240	8	--	--	--	--	9
Grants Pass 7	44843	240	7	--	--	--	--	--
Gresham UH2	49000	240	8	--	--	--	--	--
Gresham 4	Joint Supt. with UH2			--	--	--	--	--
Hermiston 8	43257	239	6	--	--	--	--	--
Hillsboro UH3	47580	240	7	1b	240	41356	--	7
Hillsboro 7	49495	240	8	--	--	--	--	--
Josephine CU	40000	260	7	--	--	--	--	--
Klamath CU	47250	240	9	--	--	--	--	--
Klamath Falls UH2&1	53438	240	9	--	--	--	--	--
Lake Oswego 7	50000	239	9	--	--	--	--	--
Lincoln CU	47801	237	9	1b	--	42209	--	--
McMinnville 40	44000	260	8	1b	260	36000	--	9
Medford 549 (interim supt)	22500	131	6	--	--	--	--	8
Newberg 29	44017	245	11	--	--	--	--	--
North Bend 13	46205	241	14	--	--	--	--	--
North Clackamas 12	49000	240	0	1b	240	46548	40210-48876	0
Oregon City 62	49852	230	8	--	--	--	--	--
Parkrose 3	46321	260	23	--	--	--	--	--
Pendleton 16	46534	260	8	--	--	--	--	--
Portland 1	68750	239	8	2a	239	54620	--	8
Redmond 2	44820	244	7	3b	239	--	55195-58990	8
Reynolds 7	46398	240	10	--	--	--	--	--
Roseburg 4	46473	241	9	--	--	--	--	--
Salem 24	57000	240	8	2a	240	51681	--	8
Springfield 19	50919	235	7	1b	240	49939	--	8
Tigard 23	52155	240	8	1c	237	41794	--	7
West Linn 3	51084	250	9	1d	237	41058	--	7

a = area superintendents/directors  
b = deputy superintendent  
c = associate superintendent  
d = director of fiscal planning

# ASSISTANT SUPERINTENDENT

<u>No.</u>	<u>Con-tract Days</u>	<u>Sal. or Avg.</u>	<u>Salary Range</u>	<u>Pd. Ho1.</u>
1	238	40839	--	9
2	231	47735	47167-48302	9
1	240	36000	--	6
1	240	42345	--	8
2	238	41250	40500-42000	8
--	--	--	--	--
1	240	38765	--	9
1	235	41145	--	7
1	240	44150	--	8
1	264	46000	--	9
1	240	37080	--	8
--	--	--	--	--
1	235	45598	--	8
Asst. Supt. same as for Gresham UH2				
2	239	35535&37161	--	6
1	240	37802	--	7
1	240	39113	--	8
1	260	35000	--	7
1	240	37895	--	9
1	240	43404	--	9
1	239	44000	--	9
1	--	38773	--	9
--	--	--	--	--
1	250	36050	--	11
--	--	--	--	--
1	240	46548	36470-44332	0
--	--	--	--	--
1	260	41792	--	23
1	260	40425	--	8
3	239	--	43910-48230	8
--	--	--	--	--
2	240	43535	--	10
2	239	37405	--	9
--	--	--	--	--
1	237	44986	--	7
2	240	44856	--	8
1	250	47448	--	9

# ADMINISTRATIVE ASSISTANT/DEPUTY CLERK

<u>No.</u>	<u>Con-tract Days</u>	<u>Sal. or Avg.</u>	<u>Salary Range</u>	<u>Pd. Ho1.</u>
1a	218	27983	--	8
--	--	--	--	--
1a	237	24688	--	6
1a	240	41331	--	8
1b	240	24878	--	--
2a	238	37466	36096-38835	8
--	--	--	--	--
--	--	--	--	--
1a	225	29678	--	6
1b	240	33000	--	8
1a	264	41844	--	9
1b	240	24900	--	8
--	--	--	--	--
1b	235	28620	--	8
--	--	--	--	--
1b	239	34493	--	6
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
1b	250	21259	--	11
--	--	--	--	--
--	--	--	--	--
2a	230	45465	--	8
--	--	--	--	--
--	--	--	--	--
1b	240	41489	--	10
1a	221	26250	--	3
1a	240	39438	--	8
--	--	--	--	--
1a	240	32590	30510-34670	8
--	--	--	--	--

a = administrative assistant  
b = deputy clerk

ADMINISTRATIVE SALARIES 1982-83  
3000 AND OVER ADM DISTRICTS

School District	PERSONNEL					PUBLIC RELATIONS				
	No.	Con- tract Days	Sal. or Avg.	Salary Range	Pd. Hol.	No.	Con- tract Days	Sal. or Avg.	Salary Range	Pd. Hol.
Albany (Greater) 8	2	238	33207	30688-35726	9					
Beaverton 48	4.5	231	38595	36470-40198	9	1	231	31201	--	9
Bend 1	--	--	--	--	--	--	--	--	--	--
Bethel 52	--	--	--	--	--	--	--	--	--	--
Centennial 28	--	--	--	--	--	--	--	--	--	--
Central Point 6	--	--	--	--	--	--	--	--	--	--
Coos Bay 9	--	--	--	--	--	--	--	--	--	--
Corvallis 509	1	230	39445	--	7	--	--	--	--	--
David Douglas 40	1	240	38396	--	8	1	240	28308	--	8
Eugene 4	2	264	44168	37194-44168	9	1	264	--	26484-33706	9
	2	264	34911	30096-37318	9					
Forest Grove 15	--	--	--	--	--	--	--	--	--	--
Grants Pass 7	--	--	--	--	--	--	--	--	--	--
Gresham UH2	1	235	42305	--	8	--	--	--	--	--
Gresham 4	Same person as Gresham UH2					--	--	--	--	--
Hermiston 8	--	--	--	--	--	--	--	--	--	--
Hillsboro UH3	--	--	--	--	--	--	--	--	--	--
Hillsboro 7	--	--	--	--	--	--	--	--	--	--
Josephine CU	--	--	--	--	--	1	260	17000	--	7
Klamath CU	--	--	--	--	--	--	--	--	--	--
Klamath Falls UH2&1	--	--	--	--	--	1	210	13662	--	8
Lake Oswego 7	1	239	38268	--	9	--	--	--	--	--
Lincoln CU	--	--	--	--	--	--	--	--	--	--
McMinnville 40	--	--	--	--	--	--	--	--	--	--
Medford 549	1	260	38500	--	7	1	260	25908	--	7
Newberg 29	--	--	--	--	--	--	--	--	--	--
North Bend 13	--	--	--	--	--	--	--	--	--	--
North Clackamas 12	2	240	39533	30004-44332	0	--	--	--	--	--
Oregon City 62	1	230	37359	--	8	--	--	--	--	--
Parkrose 3	--	--	--	--	--	--	--	--	--	--
Pendleton 16	--	--	--	--	--	--	--	--	--	--
Portland 1	6	239	--	32890-40610	8	4	239	--	20740-44075	8
Redmond 2	--	--	--	--	--	--	--	--	--	--
Reynolds 7	--	--	--	--	--	1	240	27570	--	10
Roseburg 4	--	--	--	--	--	--	--	--	--	--
Salem 24	3	240	39905	--	8	--	--	--	--	--
Springfield 19	1	237	41166	--	7	1	235	33279	--	7
Tigard 23	2*	240	44856&33977*	--	9	1	261	19962	--	9
West Linn 3	--	--	--	--	--	--	--	--	--	--

\* one is staff development

## BUSINESS

No.	Con- tract Days	Sal. or Avg.	Salary Range	Pd. Ho1.
2	238	31866	31307-32425	9
6	231	36082	28719-41576	9
1	240	35000	--	6
--	--	--	--	--
--	--	--	--	--
1	225	37802	--	10
--	--	--	--	--
3	235	33464	29587-41219	7
1	240	37300	--	8
1	264	41844	--	9
1	240	24900	--	8
1	240	32031	--	7
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
1	260	30000	--	7
--	--	--	--	--
--	--	--	--	--
1	241	34025	--	9
1	260	31814	--	8
1	260	39500	--	7
--	--	--	--	--
--	--	--	--	--
1	240	44332	36470-44332	0
1	230	32250	--	8
--	--	--	--	--
1	260	36057	--	8
4	239	--	31495-48240	8
1	245	38162	--	7
1	240	25470	--	10
1	239	37450	--	9
9	240	34118	--	8
1	260	35218	--	7
2	240	34000&26240	--	8
2	238&250	33309	27086-39531	9

## SPECIAL EDUCATION

No.	Con- tract Days	Sal. or Avg.	Salary Range	Pd. Ho1.
1	238	30693	--	9
3	231	37469	36105-40198	9
1	208	30358	--	6
1	240	37699	--	8
1	238	35927	--	8
1	225	37802	--	10
--	--	--	--	--
1	215	36873	--	6
1	240	36672	--	8
1	264	44168	37194-44168	9
1	230	33235	--	8
1	215	29412	--	6
1	235	36315	--	8
Same person as Gresham UH2				
--	--	--	--	--
1	220	35690	--	5
1	210	31868	--	4
1	230	28568	--	6
1	205	29815	--	5
1	235	32618	--	9
1	239	36981	--	9
1	241	36586	--	9
1	240	31771	--	7
1	205	33753	--	6
--	--	--	--	--
--	--	--	--	--
2	240	35686	28575-38294	0
1	230	36097	--	8
1	260	39033	--	23
1	255	33741	--	21
1	240	33694	--	8
7	239	--	31030-39350	8
--	--	--	--	--
1	240	37315	--	10
1	221	32150	--	3
3.8	210-240	31572	--	7-8
2	220&235	31073&37625	--	7
--	--	--	--	--
1	233	35982	--	9



**Public Affairs Counsel**

P.O. Box 12945

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**Ken Johnson**

SB 137



"COMPLIMENTS OF SENATOR FRYE"

Office of the Vice President  
for Academic Affairs and Provost  
UNIVERSITY OF OREGON  
Eugene, Oregon 97403

503/686-3081

February 25, 1982

MEMORANDUM

TO: All Faculty Members

FROM: Joanne M. Carlson, Associate Provost *JMC*

SUBJECT: Additions to the Tenure Reduction/Relinquishment  
Program statement for 1982.

You were recently sent a copy of the University's Tenure Reduction/Relinquishment Program statement for 1982. The inadvertent omission of two sentences in the descriptions of the tenure reduction and tenure relinquishment options has been corrected in the attached copy of the statement. The additional two sentences are underlined so that you may easily identify them. I suggest you destroy the program statement that accompanied my memorandum of February 10.

The addition of the two sentences should clarify the latest date by which tenure reduction or tenure relinquishment must become effective under the program. That date is the end of the appointment year following the faculty member's 65th birthday. A faculty member who enters a tenure reduction agreement at ages 64 or 63, therefore, does not have the option of three years of full-time employment prior to tenure reduction, but only one or two years as the case may be. Similarly, a faculty member who enters a tenure relinquishment agreement at ages 64 or 63 does not have the option of delaying his/her tenure relinquishment for three years, but only for one or two years as the case may be.

Again I invite faculty members in academic departments who are interested in discussing any aspect of the 1982 program to contact me at ext. 3082.

JMC:mf

UNIVERSITY OF OREGON

Tenure Reduction/Relinquishment Program

The University offers a program designed to enable tenured faculty members to either reduce or relinquish their tenure prior to reaching the mandatory retirement age of 70.

Provisions of the two types of agreements are described below.

Tenure-Reduction Option

(1) Any tenured faculty member on a full-time appointment who is between the ages of 55 and 64 may apply to reduce his/her tenured appointment from full-time to part-time employment as of a date no later than three years following the academic year in which he/she enters into the agreement. The reduction from full-time employment to part-time employment must occur no later than June 15 following the 65th birthday for faculty members on 9-month appointments and no later than June 30 following the 65th birthday for faculty members on a 12-month appointment.

The maximum levels of part-time employment are as follows:

- (a) A faculty member on a 9- or 12-month basis of employment prior to tenure reduction may continue as a 9-month employee at an annual FTE not to exceed .33.
- (b) A faculty member on a 12-month basis of employment prior to tenure reduction and continuing as a 12-month employee may have an annual FTE not to exceed .273 except in special cases when a 15-week work period is approved, in which case the maximum FTE will be .288.

Note: The Vice President in whose area the faculty member is employed retains the right to reassign any faculty member on a 12-month basis to an assignment on a 9-month basis for the period of part-time employment. Otherwise, the way in which part-time employment is allocated to a faculty member will be determined by the department head and/or dean in consultation with the faculty member.

(2) The faculty member may continue on a part-time appointment, as stipulated in (1) (a) and (b), for no longer than five years, after which time he/she will totally relinquish tenure. The part-time employment will be subject to the same rules and regulations as those governing full-time tenured faculty.

(3) In consideration of the faculty member's agreement to reduce tenure, the faculty member will receive:

- (a) a one-time increase in salary amounting to six percent of the salary base that he/she was receiving at the end of the appointment year in which the tenure reduction agreement was made;
- (b) any across-the-board increases distributed prior to tenure reduction and subsequent to the increase provided in 3 (a), and any across-the-board increases during the period of part-time employment;
- (c) any perquisites made available to subsequent retirees, if legally permitted.

(4) The faculty member will also be eligible for any merit salary increases prior to tenure reduction and during the period of part-time employment.

Note: The faculty member who works part-time while receiving Social Security benefits should be aware that if the annual earnings limitation is exceeded (\$6,000 in 1982 for people 65 or over and \$4,440 for people under 65), a 50% reduction of Social Security benefits (\$1 withheld in benefits for each \$2 earned above the limit) will result in the given tax year. The faculty member will, therefore, have the option of either working only that amount of time required to reach the earnings limitation or of working and being paid full compensation with the consequent reduction in Social Security benefits.

The tenure reduction agreement must be made no later than June 1 to become effective on July 1 for 12-month employees, and no later than May 15 to become effective for 9-month employees on September 16.

#### Tenure Relinquishment Option

(1) Any tenured faculty member on either a full-time or part-time appointment who is between the ages of 55 and 64 may apply to relinquish his/her tenured appointment as of a date no later than three years following the appointment year in which he/she enters the agreement. The relinquishment of tenure must occur no later than June 15 following the 65th birthday for faculty members on 9-month appointments and no later than June 30 following the 65th birthday for faculty members on 12-month appointments.

(2) For relinquishment of tenure, the faculty member will receive:

- (a) a one-time increase in salary amounting to six percent of the salary base that he/she was receiving at the end of the appointment year in which the agreement was made. If the faculty member agrees to relinquish tenure at the conclusion of the same appointment year in which the agreement was made, the six percent increase will become effective at the beginning of the month following the month in which the agreement was made.
- (b) any across-the-board increases distributed prior to tenure relinquishment and subsequent to the increase provided in (2) (a),
- (c) any perquisites made available for subsequent retirees, if legally permitted.

(3) The faculty member will also be eligible for merit salary increases prior to tenure relinquishment.



Office of the Vice President  
for Academic Affairs and Provost  
UNIVERSITY OF OREGON  
Eugene, Oregon 97403

503/686-3081

May 21, 1981

Professor  
Department  
Campus

Dear Professor

This letter will confirm our discussion regarding your early retirement.

- (1) You will retire no later than December 31, 1986.
- (2) As of September 16, 1981 you will receive a salary increase of six per cent of your post-May 1, 1980-81 salary rate over and above any cost of living or merit increases you would normally receive on that date. Prior to your retirement you will also receive any across-the-board increases that are distributed and will be eligible for merit salary increases.
- (3) You may elect to continue your tenure at the University at a reduced annual FTE not to exceed .33. The .33FTE equates with the maximum 600 hours per calendar year permitted by PERS without reduction in retirement pay. You have the option to be employed on a part-time basis until June 15 following your 70th birthday.
- (4) The way in which your FTE is allocated during each year of your part-time employment will be determined by your department head and/or dean in consultation with you. Your part-time employment will be subject to the same rules and regulations as those governing tenured faculty.
- (5) Any across-the-board salary changes authorized by the State System of the University during your period of part-time employment will apply to you. You will also receive any merit increases assigned to you. Any perquisites made available for subsequent retirees will be applicable to you if legally permitted.
- (6) When and if the State Board accepts the recommendation of the University of Oregon for deferred payment of part-time employment earnings in excess of the maximum allowed without reducing Social Security benefits, you will be eligible to participate in that program. Such participation will not be mandatory, however.

If the above terms are acceptable to you, please sign and return the enclosed copy.

Sincerely yours,

*Joanne M. Carlson*

Joanne M. Carlson  
Acting Vice Provost

JMC:mf

*2/* an equal opportunity/affirmative action employer

Acceptance \_\_\_\_\_ Date \_\_\_\_\_

# STOEL, RIVES, BOLEY, FRASER AND WYSE

(DAVIES, BIGGS, STRAYER, STOEL AND BOLEY)

(RIVES, BONYHADI & SMITH)

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May 6, 1983

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TIMOTHY J. WYLDER

Honorable Joyce Cohen  
Senate Committee on Commerce,  
Banking and Public Finance  
Room S314, State Capitol  
Salem, Oregon 97310

Dear Senator Cohen:

Re: Senate Bill 137

At the hearing on May 4, 1983 regarding the above-named bill, you suggested that I present to your Committee in writing the concerns which I have about the bill. While we represent the Teachers' Retirement Fund Association (TRFA) the concern presented here affects all teachers in School District No. 1.

Section 1 of the bill would provide that any lump sum payment for accumulated unused sick leave and any retirement severance pay is not salary for purposes of calculating retirement benefits. Pursuant to a collective bargaining agreement with the teachers' union, School District No. 1 agreed to pay teachers for accumulated unused sick leave attributable to school years 1972 through 1975. The payment is made in cash at the time of retirement. We understand that the payment is called retirement severance pay, though it represents the payment of accumulated unused sick leave.

Under the bill as written, any comparable amount earned during a period after the effective date of the Act would not be treated as salary for purposes of determining an individual's pension. It is not clear how the bill would affect sums earned prior to the Act's effective date, but paid afterward. If the Committee wants to indicate that the reduction of benefits applies only after the effective date of the Act, the Committee could add the following before page 3, line 3, of the bill:

STOEL, RIVES, BOLEY, FRASER AND WYSE

Honorable Joyce Cohen  
May 6, 1983  
Page 2

"This definition shall apply only to  
amounts earned after this bill becomes  
effective."

Thank you for your consideration.

Very truly yours,

Thomas I. Kramer

TIK:sw

cc: Senator William McCoy  
Senator William Frye  
Senator Ken Jernstedt  
Senator Rod Monroe  
Senator Jim Simmons  
Senator Eugene D. Timms  
Ms. Jacqueline L. Bloom  
Mr. Robert Lundy  
Mr. C. Leonard Anderson  
Ms. Hope Burns  
Mr. Mark H. Peterman

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TIMOTHY J. WYLDER

Honorable Jack Ripper  
Honorable Vera Katz  
Ways and Means Committee  
Room H178, State Capitol  
Salem, Oregon 97310

Dear Senator Ripper and Representative Katz:

Re: Senate Bill 137

Enclosed is:

May 6, 1983 letter to Senator Joyce Cohen  
(one copy).

The enclosed letter identifies a latent unaddressed issue in Senate Bill 137 which has been referred to your Committee from the Senate Commerce, Banking and Public Finance Committee.

As the enclosed letter to Senator Cohen indicates, it is not clear how the bill would affect lump sum payments for accumulated unused sick leave earned before the effective date of the Act, but paid after its effective date. The Commerce, Banking and Public Finance Committee chose not to address this issue before sending the bill to your Committee. We proposed one simple way to address the problem in the letter to Senator Cohen.

We would be happy to provide any additional information which might be useful to your Committee. I would appreciate it if your staff would keep us informed of the subcommittee to which Senate Bill 137 is assigned and the dates on which it will be considered.



STOEL, RIVES, BOLEY, FRASER AND WYSE

Honorable Jack Ripper  
Honorable Vera Katz  
May 10, 1983  
Page 2

Thank you for your consideration.

Very truly yours,

THOMAS I. KRAMER

Thomas I. Kramer

TIK:sw

Enclosure

cc: Mr. Robert Lundy  
Mr. C. Leonard Anderson  
Ms. Hope Burns  
Mr. Mark H. Peterman



## STATE OF OREGON

## INTEROFFICE MEMO

TO: Representative Max Simpson  
H481 Capitol  
Salem, OR 97310

DATE: January 17, 1983

FROM: Kay Hutchison, Legislative Analyst  
Legislative Fiscal Office

SUBJECT: School District Early Retirement Supplemental Payments

As you know, some school districts are offering career employees a supplemental payment for early retirement. The plans are varied, but most cover years between the ages of eligibility for early retirement and 62 when the employee qualifies for Social Security. A survey by the PERS actuary indicates that nearly half of the state's school employees including employees of community colleges and institutions of higher education are covered by such plans. The PERS survey is attached.

The Attorney General ruled in April that supplemental retirement payments by school districts are legal given the general provisions governing compensation of school district employees. ORS 332.505. See attached copy of opinion.

PERS staff has shared its views on this subject with the Board. To summarize, the staff is concerned that supplemental payments may:

- 1) Grow eventually into a supplemental unfunded retirement system parallel to PERS which would pose a future funding liability for school district taxpayers.
- 2) Encourage more early retirements than are now assumed for actuarial purposes and as a result require a future increase in the contribution rate for schools. (Districts share a uniform rate regardless of their policy on supplemental payments.)
- 3) In certain very limited instances boost final average salary for purposes of increasing retirement benefits. (While retirement bonuses are excluded from final average salary calculation by PERS rule, severance payments accorded all terminating employees are not.)

The Board supported an unsuccessful staff effort to seek re-evaluation of the AG's April, 1982 opinion. Corrective legislation is not being introduced. However, the Board has directed PERS staff to monitor reported final year salaries as part of its concern over the larger issue of inflated final year salaries.

With this background we can discuss, at your convenience, any specific problem or proposal you have in mind regarding this matter.



## STATE OF OREGON

## INTEROFFICE MEMO

TO: Representative Simpson

DATE: January 28, 1983

FROM: Kay Hutchison

SUBJECT: Retirement Issues

- 1) Supplemental Retirement Benefits. These plans encourage early retirement and, as a consequence, drive up the costs of the system. The added costs are paid by the employer (taxpayer) to the system in the form of a higher percentage of payroll. Because school districts are rated as a group, districts that do not have supplemental plans help finance the added costs of those that do.

## Possible Solutions:

- a) Prohibit supplemental plans. Politically prohibition would probably be opposed by teachers who benefit from the plans and perhaps by school boards who may only perceive the short term cost savings of the plans.
- b) Require separate actuarial valuations and ratings for districts that use such plans. School districts would be charged the added costs of both the valuation and resultant rates. This option would discourage use of supplemental plans. Districts that use the plans would probably object as would the Department of Higher Education if it were included in the legislation.
- c) Do nothing; rely on the School Board's Association to educate its members concerning the long term fiscal consequences. This option probably won't be effective. Individual districts could still be tempted to take advantage of the uniform rate, and unions would continue to press for the supplemental plans.
- 2) Inflated final year salaries. Districts through various bonuses and "promotions" can inflate an employee's final year's salary and thereby increase the retirement benefit. Beneficiaries of an inflated salary can be either favored teachers and administrators the district wishes to reward or less favored teachers the district wishes to boost into early retirement. An inflated final average salary for an early retiree offsets future salary increases foregone through early retirement. Early retirements, as discussed above, increase costs to the retirement system and, of course, employers. Regardless of whether the retirement is early or not, an inflated final average salary adds costs. As we discussed with Bob Lundy, there are several options.
- a) Exclude specific elements from the third year salary for purposes of computing final average salary. The problem here is creating airtight definitions. Loopholes will most certainly be found.

*See item  
1608*

*See item  
1608*

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MEMO TO: Representative Simpson  
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PAGE 2

- b) Create a maximum allowable percentage increase for the final year's salary. This option would probably be viewed as arbitrary in that it would eliminate some legitimate salary increase, most notably salary increases for promotions.
- c) Determine a method for singling out districts that consistently inflate final year salaries and require separate actuarial valuations and rates. See 1.b) above.

If you wish to pursue either or both problems, you should contact PERS for whatever additional ideas they or their actuary might have. (Jim McGoffin..229-7176) We in the Fiscal Office and Legislative Counsel, too can best serve by working together with you, any supportive interest group you may have identified and representatives of PERS. I would suggest a meeting of all who would be involved if you decide to proceed.