

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass and Be Referred to the Joint Committee on Ways and Means by Prior Reference
Vote:	3 - 2 - 0
Yeas:	Beyer, Burdick, Rosenbaum
Nays:	Ferrioli, Starr
Exc.:	0
Prepared By:	Lori Brocker, Administrator
Meeting Dates:	3/28

WHAT THE MEASURE DOES: Modifies cost of living adjustment under Public Employees Retirement System (PERS). Specifies that cost of living adjustment not exceed 1.5 percent to allowance made on or after July 1, 2013 and before July 1, 2014. Delineates graduated process for making cost of living adjustment for years beginning July 1, 2014. Prohibits Public Employees Retirement Board (PERB) from paying increased retirement benefits resulting from state income taxation of payments made by board if person receiving payments does not pay Oregon income tax on benefits. Removes limitations on prohibition relating to date of retirement. Imposes similar prohibition for certain public employers that provide retirement benefits for police officers and firefighters other than by participation in PERS. Directs PERB to recalculate employer contribution rates to reflect savings attributable to Act. Provides for expedited review by Oregon Supreme Court upon petition by adversely affected party. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Possible amendments
- Cost of living adjustment
- Potential effect of amendments
- Impact of indexing and compounding
- Impact of measure on current and future retirees
- Accountability within Public Employees Retirement System (PERS)
- Nature of competing state budgetary issues
- Potential revenue sources for state
- Judicial consideration of changes to system
- Contractual nature of plan
- Sustainability of rates
- Money match
- Legal analysis of provisions of measure
- Actuarial analysis of provisions of measure
- Action taken by other states in connection to public employee retirement
- Tax remedy provided to out-of-state retirees
- Fairness and equity in state budget and in PERS
- Impact of financial markets on PERS fund balances

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Since 1945, Oregon has provided a retirement plan for public employees. In its current form, Public Employees Retirement System (PERS) members are separated into benefit tiers based on their hire date. There are currently three tiers: Tier One, Tier Two and the Oregon Public Service Retirement Plan

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This summary has not been adopted or officially endorsed by action of the committee.

(OPSRP). Tier One employees joined the system before January 1, 1996. Tier Two employees joined the system on or after January 1, 1996 to August 29, 2003. OPSRP employees joined the system on or after August 29, 2003. There are approximately 900 PERS employers, including all state agencies, universities, community colleges, and school districts, as well as most cities, counties and other local government units. Approximately 95 percent of public employees in Oregon are PERS members.