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April 13, 2017

Oregon Senate Education Committee
Oregon State Capitol
900 Court St. NE
Salem, OR 97302

Re: Public University Implementation Concerns, Senate Bill 196

Dear Chair Roblan, Vice Chair Linthicum, and Members of the Committee,

The seven public universities support the concept of aggregating hours for employees who work at multiple public education institutions to provide working families with health care coverage. The Oregon public universities value the skilled and talented faculty who teach our students each day and we also believe that all employees deserve adequate benefits. In fact, the universities have and continue to coordinate and aggregate hours for employees that work at multiple public universities if the combined FTE meet benefit eligibility of .50 FTE; but we do rely on the employee to notify us of their eligibility.

Although supportive, the public universities have always expressed concern with implementation, the unintended disparity in benefit eligibility it will create for part-time employees at our institutions, and the unintended financial impact it will have for our institutions. Our concerns include:

- The bill as written addresses part-time employment at a single institution or multiple institutions and ties health insurance eligibility to whether an instructional faculty is eligible for PERS membership rather than the universities' current eligibility of at least .50 FTE. An employee becomes eligible for PERS membership after serving a 6-month waiting period in a position that is expected to work at least 600 hours in a calendar year. After membership is established, the employee needs to work at least 600 hours in the year to receive PERS contributions on their salary/wages for that calendar year.
- The SB 113 workgroup identified the differences and complexities in how the universities and community colleges calculate FTE and PERS eligibility; these issues have not been resolved.
- Public universities determine both PERS eligibility and benefit eligibility on the employee's working FTE. If benefit eligibility for instructional employees is changed to PERS eligibility it would reduce benefit eligibility from .50 FTE to .40 FTE 9-month instructors and .30 FTE for 12-month instructors. Thus, creating three tiers for benefit eligibility and will require additional tracking and programming to accommodate this change.

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- Lowering benefit eligibility for only PERS instructional faculty has unintended consequences and creates a disparity in health insurance eligibility across the employee populations at our institutions.
 - It is unclear as to whether instructors that elected to participate in the Optional Retirement Plan (ORP) would be able to combine hours with hours worked at a community college to meet the eligibility for health insurance if working at multiple institutions.
 - Research faculty, professional faculty and classified employees. It will not be long before these employees also seek similar benefits.
 - Therefore, the universities will incur additional costs to provide the same level of benefits to ORP instructors and other faculty and staff.

- The SB 113 workgroup also identified issues regarding the “lookback” method of offering health benefits to employees that has not been resolved. An example includes the employee that received health insurance benefits while employed but because the hours reported to PERS was less than full-time, the employee would receive an additional year of benefits regardless of employment status.

- Fiscal impact has not been completely addressed. The bill as written indicates the State will pay the cost of this benefit for instructional faculty; but it is unclear how the State would fund the costs and it could be reasonably presumed that other programs and possibly the universities would need to sustain additional cuts to cover the costs. The bill also does not address the fiscal impact to remedy the inequities in benefits that the bill would create for the universities. Thus, the universities would be responsible for any of those additional costs.

Respectfully,



Donna Chastain
Interim Director and CHRO