

Issue Memo: Support SB 214 -2

Establishing an Alternative Retirement Benefit for Postdoctoral Scholars at Oregon's Research Universities to Spur Research Funding, Capacity, and Efficiency

Background & Problem

Postdoctoral scholar positions at Oregon's public research universities provide critical, short-term training opportunities for graduates with doctoral degrees before they transition to permanent employment in higher education or the private sector. Throughout this training period, postdoctoral scholars provide vital research capacity for universities, play key roles in the implementation of research projects of tenure-line faculty, and contribute to an institution's research impact and economic development in the state.

Postdoctoral scholar positions at public institutions are typically funded by federal research or training grants. For Oregon's research universities to be competitive in a climate of finite research funding, they must be able to effectively compete with peer institutions for postdoctoral scholars. A key challenge to Oregon's competitiveness is the high cost of non-salary, other payroll expenses (OPE).

In Oregon, most postdoctoral scholars are classified as eligible employees under PERS. With few exceptions, public university employees who work at least 600 hours in the calendar year are eligible to participate in the Public Employee Retirement System (PERS) or the Optional Retirement Program (ORP) or in the case of OHSU a separate retirement plan for postdoctoral scholars.

Postdoctoral scholars, however, are a unique category of employee, defined by UO, OSU, and PSU as temporary employees. As a result, few, if any, postdoctoral scholars fully vest in PERS or ORP. By eliminating or reducing contributions to retirement programs in which postdoctoral scholars will likely never fully vest, Oregon would create a level playing field with other states in its efforts to secure more federal research dollars.

What are Postdoctoral Scholars?

Postdoctoral scholar appointments are limited-term appointments during which the postdoctoral scholars are formally mentored by a faculty member to further their educational and career objectives after they have completed their Ph.D. degrees. Although the postdoctoral scholar position varies somewhat among institutions, the positions share the following characteristics:

1. The positions are of limited duration and generally do not exceed three years;
2. The positions are mentored positions and follow an Individualized Development Plan to benefit the individual holding the position by affording that individual additional and formalized training, including career and professional development, to facilitate more competitive placement in the job market as a researcher or professional in their field of study.
3. The positions are restricted to individuals who have received terminal degrees in the relevant field. If this legislation passed, it would be restricted to people who had received their degree within five years prior to obtaining the positions.

How do other state universities treat postdoctoral scholars?

Many universities provide postdoctoral scholars with a more cost-effective postdoc-tailored retirement alternative to their state employee retirement systems. In states where postdoctoral scholars are included in the state employee retirement system, the costs are significantly lower than Oregon's. Some states provide for no retirement benefits. The University of California system retirement system, for example, classifies postdocs as temporary employees and requires the *employee* to contribute 7.5% of their salary without any employer contributions.¹

Proposed Solution

SB 214, with the -2 amendment, proposes a statutory amendment to exclude postdoctoral scholars from the employees eligible for PERS only. Postdocs in ORP would continue to be able to participate in ORP, and could choose to contribute up to four percent of their salary and institutions would match up employee's contributions up to four percent.

Effect of the -2 Amendment

The proposed -2 amendment includes the following key provisions:

- **Classification:** Requires universities to affirmatively place employees into the classification of "postdoctoral scholar."
- **Definition:** Establishes a definition of "postdoctoral scholar."
- **Alternative benefit:** Establishes an alternative retirement benefit for postdocs in ORP. Eligible postdocs in ORP could contribute up to four percent to ORP and the university/employer would match up to four percent. Both the employee and the employer contributions to ORP would immediately vest. This is the same as the immediately vesting portion of the current Tier 4 ORP.
- **Allowance for Re-Election:** Makes clear that if a scenario occurs in which a postdoc, upon completion of their position, is hired at an Oregon public university as a tenure-track faculty member/researcher, he or she will have the opportunity to opt into either PERS or ORP.
- **Language Clarification:** Changes the standard from "person" to "position" for ease of implementation for PERS agency.

Which universities would be affected by SB 214 -2?

Any Oregon public university with a governing board (as defined in ORS 352.002) that employs a postdoctoral scholar would be covered by the legislation, as well as Oregon Health & Science University (other than the ORP amendments)

¹ <http://ucnet.universityofcalifornia.edu/forms/pdf/defined-contribution-plan-summary-description.pdf>
<https://gradstudies.ucdavis.edu/postdoctoral/appointment-promotion/benefits>
<http://vspa.berkeley.edu/sites/default/files/shared/doc/UC%20UAW%20Contract%20Effective%20November%201%202015.pdf>