

A RETIREMENT PLAN For Public Employees of Oregon

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paid. The State Board of Higher Education has also adopted the policy of providing a part-time job at half salary to employees who reach the retirement age of 70. These two agencies are this year spending over \$100,000 for this pension payroll. Where a definite policy of this type exists, it is perhaps easier to see just what is happening and what the price. But it is a fact that the same thing is happening and the cost is even greater in those departments and in those cities and counties that have not established a retirement age but continue their employees on at full salary. A planned retirement system would do in an orderly way what is now being done in a most haphazard and expensive way.

As we view the postwar period, unemployment is probably our greatest fear. As a nation we must be able to provide employment to the returning servicemen and war workers. Private industry automatically expects to employ many millions of the returning veterans and migrant war workers through the retirement of older employees who are eligible to the old age insurance provisions of the social security act and often also to a pension from the company that has been employing them. Interest in developing some plan for the retirement of superannuated public employees in Oregon is increasing at this time because if the need for state and local units in Oregon to create similar employment opportunities for the returning veterans. State and local government will soon have an opportunity to increase its efficiency as it meets new responsibilities in the post-war period by the employment of younger men if some plan can be provided for the retirement of su-

perannuated employees.

Four possible solutions to the problem have been suggested:

1. *Social Security Coverage of Public Employees.* Ever since the Social Security Act was passed in 1935 there has been considerable interest in the possibility that state and local government employees might be included under the old age and survivors insurance provisions of the social security act. This has from time to time been recommended by the Social Security Board and was recently recommended also by the President. Constitutional limitations have thus far prevented the coverage of state and local government employees under social security. While the coverage of all employees, including public employees, under social security would have certain definite advantages, I feel that after eight unsuccessful years of trying to find some legal formula to accomplish this purpose as far as public employees and public agencies are concerned, we might as well dismiss this approach and meet the problem on a state or local basis. The state of Oregon would probably not seek a scheme which would involve the direct taxation of our state government and our local units by the federal government. There are those who feel that the federal constitution has been stretched quite a bit during recent years but it is doubtful whether it will be stretched that far.
2. *Local Pension Systems.* Pension experts report that no retirement system can be set up on a sound financial basis unless it has a membership of at least 300 to 500 employees. This limits the possibility of