

The bill prepared by that committee was not introduced in the 1941 legislature but the principle suggested by the committee will undoubtedly influence any future state action on this problem.

The Bureau of Municipal Research did some of the staff work for the Governor's Committee on Public Employee Retirement. There were at that time between 18,000 and 20,000 state and local public employees in the state. The Bureau was able to obtain complete personnel records for about 9500 employees on the payroll of the state government, 13 county governments, a number of school districts, and 23 cities. Out of 4923 state employees, it was found that 194 were over 65 years of age and 572 were between the ages of 55 and 64. The State Highway Commission had 29 employees over 65 years of age. Each of the state institutions had a number of such employees. Out of 553 county employees of the 13 counties tabulated, 28 were over 65 years of age and 55 were over 60 years of age. Out of 2,623 school employees, 37 were over 65 years of age; and out of 1,309 city employees tabulated, 165, or over 10 per cent, were 65 years of age or over. It is interesting to note that many of these older employees were over 70 and some were over 80. The payroll of the public employees of 65 years of age or over amounts to a large sum annually in Oregon. The 194 state employees, for example, were receiving a combined salary of \$329,197 annually. The total payroll of public employees of 65 years of age and over in the state amounted to well over a million dollars per year.

While some of these older employees were still able to perform the duties of their positions, many of them, depending upon the vigor of the employee and the type of job, were no longer able to

perform their tasks. They were in effect being pensioned.

One problem in Oregon is that outside of the city of Portland, Multnomah county, and the state government, none of the governmental units have enough employees to set up a financially sound pension system on an economical basis. As stated in the report of the Bureau of Census on its survey of retirement systems for state and local government employees:

"A number of public functions are well suited—perhaps even better suited—for administration by small units of a size adequate for efficient management. Retirement administration calls for an administration unit larger than that for most functional services. To maintain a solvent pension system, according to the consensus of actuaries, requires a sufficient number of employees and taxpayers over whom to spread risks and costs which in small units are unpredictable or excessive."

In discussions of retirement and pensions too little attention is given to the loss of efficiency and to the cost involved in the "hidden pensions" that are being paid in the form of salaries to superannuated employees. Most public agencies follow the practice of keeping their employees on the payroll just as long as they are able to report at their place of work. At least two of them in Oregon, however, have recognized the cost and the inefficiency resulting from the payment of "hidden pension" salaries on a full-time basis, and have therefore made provision for carrying superannuated employees on a special payroll. The city of Portland has for some years been paying superannuated employees, who are not members of a retirement system, a pension salary of from \$1.00 a day to \$100 per month. The employee makes no contribution toward this pension and has no guarantee that it will continue to be

(Continued on page 30)