Stock market upturn boosts PERS earnings

A major upturn in the stock market last year was responsible for the highest interest earnings ever recorded for funds invested by the Public Employes' Retirement System, according to figures released recently by James L. McGoffin, PERS director.

He said the variable annuity account, which is invested primarily in common stocks and short-term notes, earned a whopping 18.94 per cent. The "fixed" portion of the fund, which is invested in long-term bonds and mortgages as well as common stocks, earned in excess of 7.5 per cent.

The record earnings were a dramatic turnaround for Oregon's stock investments, which took a beating during 1973 and 1974 primarily as the result of a sagging stock market. The retirement fund suffered paper losses of more than 16 per cent in 1973 and 18 per cent in 1974.

An employe who had $100 invested in the PERS variable annuity program in January, 1973, saw the value of that investment drop to $83.61 at year end.

However, the upturn in the market last year sent the value of that same $100 soaring. It was worth $118.94 by the end of 1975.

About 30 per cent of the PERS fund is invested in common stocks. The remaining portion is invested in bonds, mortgages and other long-term securities.

The long-term investments have always yielded a return. However, losses on stock investments in 1973 wiped out gains made by the long-term investments, leaving employes with no overall return that year.

The 1975 legislature corrected that problem by passing a bill which guarantees employes at least a 5.5 per cent annual return on their PERS accounts. The legislation, which does not apply to the variable annuity account, was retroactive to include 1974. Retirement accounts which would not have received a dividend in 1974 because of paper losses on stock investments that year, got 5.5 per cent from PERS reserve funds because of the legislation.

If the fund earns more than 5.5 per cent, as it did in 1975, the excess must be used to pay back reserve fund money used earlier to make up deficits. Once that is paid, extra earnings are credited to employe accounts.

The legislation was drafted by and introduced at the request of McGoffin and State Treasurer James A. Redden to protect employes who were about to retire from fluctuations in the stock market.

The five-member Oregon Investment Council oversees investments of PERS funds in the stock market. However, stock purchases and sales are made by independent investment firms under contract with the council. Presently there are seven such firms handling Oregon's stock investments.

Roger S. Meier, a member of the PERS board, currently is chairman of the Investment Council. Other members are William Hunt, Sidney Leiken, Redden and McGoffin.

Redden, who by law serves as the council's investment officer, said Oregon's stock investment program ranks in the top 25 per cent in the U.S.

McGoffin said the PERS is preparing individual statements for each member of the retirement system. The statements, which list each member's 1975 account balance, will be sent to state agencies for distribution to employes.

He said specific information regarding the fund may be obtained by writing to the Public Employes' Retirement System, 1221 S.W. Yamhill, Portland, Oregon, 97205.

Nepotism: Her supervisor–brother must go

PORTLAND -- OSEA Associate General Counsel Charlene Sherwood has shown that the state rule on nepotism cuts both ways. A supervisor in a position to hire, may not hire a relative. More to the point in this case, an agency may not transfer a supervisor to a position where he or she will become a supervisor of a relative.

June Terry, a social worker 2 for Childrens Services Division, was transferred out of her North Branch office here when her brother, Lew Winchester, was transferred in as her supervisor. Terry's transfer was to be effective Oct. 1, 1975.

She had worked there for several years when her brother was transferred there from the Albina branch.

The Personnel Division initially responded that the rule on nepotism applied only to the subordinate person in line. The Division said that Winchester was being promoted and transferred "for the good of the service" and that it was part of a region-wide reorganization.

While the appeal to the Employment Relations Board (ERB) was under way, Terry was transferred.

However, Sherwood found that part of the rule on nepotism stated that "neither shall a supervisor be placed in a psotiion whereby he / she must make recommendations as a supervisor that affect the salary level of members of his / her family." Taken broadly, this rule also would include promotions, demotions, transfers or terminations.

The hearings officer, Peter Courtney, ruled that the transfer of Winchester was in violation of the rule on nepotism and that the transfer was arbitrary.

The full ERB upheld the hearings officer's recommendations in total.

OSEA files grievance for 15 UO employes

A grievance has been filed by a group of employes who work in the University of Oregon's data processing complex over the elimination of jobs and movement of personnel.

OSEA Employe Representative John M. Schoonover said the grievance was signed by 15 employes.

"We feel that our uncertainties regarding job security are the direct result of these numerous changes, which in a number of instances appear to be arbitrary and in one specific instance appears to be in direct conflict with the university's affirmative action program," the employes said in their grievance. "The destruction of morale is also a direct result of numerous and arbitrary changes."

Schoonover said the employes have asked for a thorough study of the data processing complex by a panel of experts from outside of state employment. "Employes want the study to include an analysis of the proper staffing, by classification, of the total operation," he said.

The grievance was filed by Schoonover with Ray Hawk, vice president for administration and finance.

Increasing productivity of public employes is subject of workshop

There is an urgent need for public employes and public employe labor organizations to find ways to increase productivity in public employment.

That was the message given by former OSEA President Chalmers L. Jones to a group of 80 persons who attended a one-day workshop of Public Employe Productivity in Portland March 12. It was sponsored by the Western Region of the Assembly of Governmental Employes.

"There is a crisis in the centers of state and local government in this country," Jones said. "Public employes everywhere are taking the brunt of criticism from citizens who are quite angered by what they perceive to be an ever increasing public sector which is demanding an ever increasing amount of tax dollars."

He noted that public employment has become a major industry in the United States. Nearly 13 million people are employed by government. About 80 per cent of them work for state and local government.

"We should not tolerate less productivity in government than in industry," Jones said. "There would be an enormous benefit to all taxpayers---public enployes included---if government could match the private sector's increasing productivity."

Unless productivity increases in the public sector during the next decade, Jones warned, there will be "an explosive increase in the cost of government, major shortcomings in the services provided by governmement, or both."

"State and local governments have the greatest need and present the greatest opportunity for improvement in productivity," Jones said. "Public employe labor organizations have a responsibility to be an active force in promoting and facilitating productivity improvements in government."

Other speakers besides Jones included Lester B. Strickler, OSEA's immediate past president who planned the workshop for WAGE, and Dennis R. Briscoe, assistant professor of management in the School of Business at Oregon State University.

Strickler told the group that OSEA recently appointed an Employe Productivity Committee composed of rank-and-file state employes. It is studying ways and means of improving productivity in Oregon's state government.

"We think state employes may have the best ideas on how to improve productivity," Strickler told the group. "I've talked to hundreds of employes about the subject and I've yet to find one who doesn't have suggestions to offer."

Strickler said productivity studies of Oregon's state government have been conducted in the past, but always by a "task force" of businessmen and women.