

IRS 'defers' deferred compensation

The news of deferred compensation has crossed the pages of this paper several times in the last couple of years. The news this time is not good. The Internal Revenue Service has announced its intention to promulgate rules which would prohibit programs like Oregon's (scheduled to become effective July 1, 1978), and beginning in March tax employee contributions to existing programs. In theory the driving force behind the IRS concept is deceptively simple: Income should be taxed at the time it is due to be paid. In practice, the IRS theory is full of indiscriminate holes and bad public policy.

Let me review the basic concept of deferred compensation. Simply put, the concept allows an employee to voluntarily reduce their gross income by a specified amount, and defer taxes on that amount until retirement, when (presumably) the employee's income places them in a substantially lower tax bracket. Additionally, the deferred income is invested in various available investment vehicles which would obviously increase retirement income. Any program which offers a tax deferral in return for a voluntary employee contribution toward retirement without further burdening existing pension programs seems like good public policy to me.

The 1977 session of the Oregon Legislature

agreed. At the urging of OSEA they adopted SB 167 which created a system of deferred compensation for state employees to become effective on July 1, 1978. The Oregon Investment Council was charged with the responsibility of design and im-

Capitol Commentary

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plementation, a process that was well under way (with our assistance) when the IRS announced its intention. The net result is that the Oregon State Employee Deferred Compensation program sits firmly entrenched in chapter 243 of the Oregon Revised Statutes, but cannot be utilized until the IRS is prompted to change its position.

Taking on the IRS is no simple task. We are fortunate, however, to have had complete cooperation and support from Congressman Al Ullman, who represents thousands of state employees, and sits in a position of obvious influence as chairman of the "tax-writing" House Committee on Ways and Means. Additionally we have worked very closely with the Assembly of Government Employees (AGE - based in Washington, D.C.) with whom we are associated. AGE has worked in this area for some time, and is recognized nationally as a leader in the current battle.

At the request of AGE, legislation is being introduced in Congress to reverse the proposed ruling of the IRS. While this route is a long hard haul, it is the only means by which we can achieve our goal of deferred compensation. Support is building around the nation for the AGE legislation. Well over 30 states have programs similar to the one intended for Oregon. Perhaps the most attractive feature is that it is the only vehicle available to puncture the incredible pressure for increased benefits currently on the nations larger municipal and state retirement funds.

OSEA is committed to the concept of deferred compensation as good public policy, and will continue the fight.

ER group studying issues

The Employee Representation Committee, under chairman David George, is examining a wide range of subjects from job rep-BURC training to strike plans.

Several of these topics have been assigned to subcommittees. Included are a resource library, which can be used by any member but particularly job reps as a self-study tool; a job rep handbook; an examination of the organization of bargaining units; strike plans, ours and those of other organizations, whether OSEA should pledge support to strikers of other labor organizations and job rep-BURC training.

The committee is working closely with OSEA Education and Research Director John Lund and many of these studies and projects are nearing completion or have already started operation. For example, a job rep manual is approaching its final draft; two training sessions of job reps already have been held.

Soon, according to OSEA Vice President Jon Lucke, the ER committee will be handed several proposed General Council resolutions for review prior to their being sent out in the delegates packets to see if there are any conflicts with existing policy.

The committee's next meeting is March 11 at headquarters.

LERC head named

EUGENE -- Emory F. Via of Georgia State University in Atlanta has been named director of the Oregon Labor Education and Research Center (LERC) at the University of Oregon.

Via, 53, will start work on July 1, the university announced recently.

John Lund, OSEA education and research director, sits on LERC's advisory board.

OSEA job rep found murdered

"One of the best job reps in the state service" was found dead in his car Feb. 27 at Portland airport.

Bud Burkholder, 43, helped to found Wilsonville Chapter 55 at the Callahan Center, he was a delegate to the 1977 General Council and he was on OSEA's Workers' Compensation Board negotiating team.

An electrician, he was a member of the International Brotherhood of Electrical Workers in Los Angeles before moving here to go to work for the state and joining OSEA.

"I was really close to him," said Ken Allen, the employee representative assigned to the Callahan Center. "He had a real good following among the membership there."

"He was reliable, solid and a strong advocate for workers' rights as a member of my negotiating team," said OSEA Education and Research Director John Lund who was the spokesman for the Workers' Comp negotiations.

Burkholder had been missing since Feb. 6. Portland police have called the case a homicide.

He is survived by his wife, two sons and six daughters, step parents, father, two brothers, two sisters and four grandchildren.

Services were held at Mount Crest Abbey Mausoleum in Salem.

Contributions may be made to the Doernbecher Hospital for Crippled Children, 3181 SW Sam Jackson Park Road, Portland.

Hill chapter active

PORTLAND -- Since the Patient Accounts Office for the Health Sciences moved from "The Hill" to downtown, it has bustled with OSEA activity.

First, a new OSEA chapter for the new office was organized through the efforts of Assistant District 10 Director Shirley Hamilton, an employee in the office, and District 10 Director Dale Meyers and Employee Representatives Harry Ward and Rod Brown.

Hamilton has been selected as an OSEA job representative for the office and already has reached satisfactory resolutions on grievances in-

volving union activities and employee evaluations.

In the final instance, a grievance filed has resulted in the opening of negotiations between OSEA and the Health Sciences Center on flextime.

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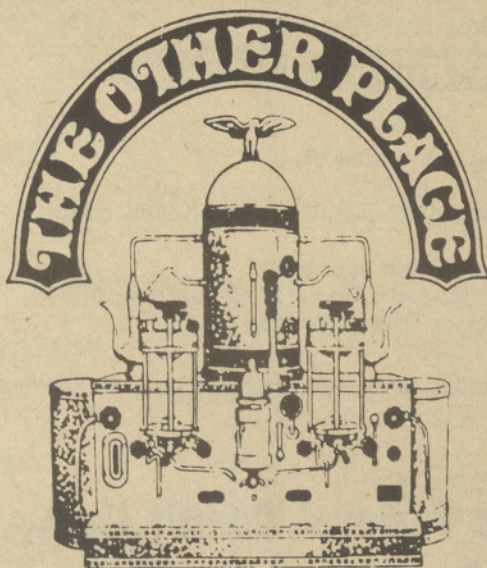
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