

Proposals take aim at reducing PERS liabilities

By Claire Withycombe
Capital Bureau

As lawmakers head into the 2017 legislative session, at least two proposed bills plan to address off-tread territory: the state's pension system.

In 2013, the Legislature approved a slew of changes to the system, referred to as PERS, only to have many of them rejected by the Oregon Supreme Court in 2015.

This time around, those legislators who have called for reforms to PERS — including members of an informal work group — say the Legislature needs to address the system's \$22 billion unfunded liability while meeting legal requirements.

Two proposals that have emerged thus far have co-opted some ideas floated at that work group, which is led by Sens. Betsy Johnson, D-Scappoose, and Tim Knopp, R-Bend.

SB 559 would increase the num-

ber of years used in calculating final average salary of public employees to prevent end-of-career spikes; and SB 560 would redirect employee contributions from an individual account program to the pension fund and cap the final salary used in the benefits calculation at \$100,000 starting Jan. 1, 2018.

Both bills' chief sponsors are Knopp and Sen. Jeff Kruse, R-Roseburg, who said that the two bills might not be the only proposals to expect from Senate Republicans this session.

"We're still kind of dancing around a few things," Kruse said Wednesday.

Currently, PERS beneficiaries who were hired prior to Jan. 1, 1996 — known as Tier 1 employees — are promised an assumed 7.5 percent rate of return on investment, credited to their regular accounts every year.

Kruse said changing that 7.5 percent rate, which the market has failed to match, could be legally permissible

but that it and other ideas were still being vetted.

"We don't want to propose anything that we don't think would survive a legal challenge because it would be a waste of time," Kruse said.

Legislative Counsel, in a memo to Knopp and Johnson in late August, noted that the court hasn't addressed the method of calculating final average salary and whether it is a term of the PERS contract. If it is, they said, changes to the calculation are permissible "if the changes protect accrued benefits."

Calls to Knopp and Johnson Wednesday afternoon were not immediately returned. Lawmakers were gathering at the Capitol this week to organize for the upcoming session and attend a slew of mandatory trainings.

Attempts at reform could face an uphill battle politically; some union

representatives have already publicly questioned the legality of possible changes to the system.

In her inauguration speech Monday, Gov. Kate Brown called for "smarter government," including better management of PERS, just over a month after she nudged Oregon business leaders to contribute ideas to address the state's budget shortfall in the wake of the failure of Measure 97, a tax on corporate sales.

Supporters said the tax would have raised about \$3 billion per year and could have fixed the state's persistent budget shortfalls.

Brown said in her speech Monday that beside her proposal — outlined in SB 107 — to bring more investment functions in-house under a new Oregon Investment Department, she looked forward to "the other solutions proposed in the months ahead."

"As we consider our next steps, let's agree to keep our promises to

retirees," Brown said, according to her prepared remarks. "Let's ensure that no one can (take) advantage of the system. And let's seek solutions that are legally viable, so that dead ends aren't left to languish in court while the challenge of PERS only continues to grow."

In a phone interview in late December, Sen. Johnson said there was "very little political enthusiasm to engage in the discussion to find a solution or a partial solution."

"In an ideal world, I would envision an omnibus bill that would have some revenue raising mechanisms done or agreed to with business rather than done to business," Johnson said in late December. "The same omnibus bill would address the expenditure side of the ledger and include one or two strategic PERS reforms that would yield financial benefit to the system as well as survive any legal test."

Oregon's new policy bans weapons in workplace

New HR policy narrows pre-existing policy banning weapons in most state buildings

By Paris Achen
Capital Bureau

The state has adopted a new policy prohibiting state employees from having weapons in their workplace as a condition of employment, narrowing a preexisting policy banning weapons in most state agency buildings.

The new policy, which took effect Jan. 6, prohibits weapons in the workplace unless having a weapon is part of the employee's assigned duties.

The policy applies to all employees, board and commission members, volunteers



EO Media Group file photo

The Oregon Capitol.

and others working in an agency.

"It is a new HR policy, but it's not a new requirement," said Matt Shelby, a spokesman for the Department of Administrative Services.

"Since 1998, we've had a facilities policy of no firearms or weapons in our buildings unless you are essentially a police officer. That covers everybody, not just employ-

ees." Such facilities policies, which also ban visitors to the buildings from bringing in weapons, have been challenged in some instances around the country.

"For DAS we have a policy on file there will be no firearms in our buildings, but those have been challenged in other instances," Shelby said.

Shelby could not confirm Thursday night whether those challenges were the impetus for separate HR policy.

House and Senate Republicans condemned the new policy Thursday.

"I am extremely concerned to learn that our state government has taken steps that limit employees' rights to self-defense and believe that these actions may violate the Oregon Constitution," said House Minority Leader Rep. Mike McLane, R-Powell Butte. "I will be asking Gov. Brown's office to explain where they believe their power to take such actions is

derived from and, if necessary, take swift action to restore the rights of Oregonians as soon as possible."

Chris Pair, a spokesman in Gov. Kate Brown's office, was not immediately available late Thursday to confirm whether the policy change was ordered by governor.

Oregon law generally prohibits the possession of firearms in public buildings, but in most cases exempts individuals who have a license to carry a concealed weapon.

It was unclear at deadline how those laws relate to DAS policy.

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