

Solutions that would affect Current PERS Member

(Current PERS employees)

2. Find a way for the employee to contribute the employee's own 6% to PERS.

Although I am waiting for verification from the Department of Administrative Services, the following is what I have learned about the 6% employee PERS contribution that is "picked up" by the State and many other PERS employers.

In or about 1979, the State and other PERS employers agreed to pay the 6% employee's contribution to PERS in lieu of a pay raise. Within a couple of years thereafter, a substantial pay increase was negotiated to "make up" for the lack of pay raises received. One reader stated the following on the "newsletter blog" relating to the 6% employer "pick up":

The PERS pick-up was authorized by the 1979 legislature (at the prompting of then State Senator Ted Kulongoski) and ... in 1980 the average pay raise for a state worker (just by way of example) remained flat. No increase. It appeared to be a genuine trade.

However, the next year, 1981, the average state worker enjoyed a 15.35 percent increase in pay AND STILL GOT TO KEEP THE PERS PICK-UP FOREVER. In other words, state workers gave up a pay raise for one [two-year budget] in exchange for a forever PERS pick-up and then got a huge pay raise [in the next budget] to more than make up for their one year "sacrifice."

("newsletter blog" [SEE AT: <http://reprichardson.blogspot.com/2010/03/march-18-2010-part-1-oregon-pers-2011.html>]

In 1994 Oregon voters passed "Measure 8," which, among other provisions, required PERS employees to pay their own 6% employee contribution. The Oregon Supreme Court nullified Measure 8 as a violation of the U. S. Constitution. (Oregon State Police Officer's Assn. v. State of Oregon, 323 Or. 356 (1996))

Nevertheless, one option might be for PERS employers to negotiate with the public employee unions to set off the 6% employer paid "pick up" with a corresponding reduction of pay.

This option seems to have been contemplated by ORS 238.205, which states in relevant part the following:

ORS 238.205 Payment of employee contribution by employer.

Notwithstanding any other provision of this chapter, and subject to the provisions of this section, a public employer participating in the system may agree, by a written employment policy or agreement in effect on or after July 1, 1979, to “pick-up,” assume or pay the full amount of employee contributions required or permitted by ORS 238.200 for all or less than all active members of the system employed by the employer to the extent employee contributions are required or permitted by ORS 238.200. If a public employer so agrees:

(1) The rate of contribution of each active member of the system employed by the employer who is covered by such policy or agreement shall uniformly be six percent of salary regardless of the amount of monthly salary.

(5) For the purposes of this section:

(a) **Employee contributions are “picked-up” if the written employment policy or agreement described in subsection (1) of this section provides that employee compensation will be reduced to generate the funds needed to make the employee contributions;** (Emphasis added.)