

**Revenue:** No revenue impact  
**Fiscal:** Fiscal statement issued

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**Action:** Do Pass  
**Vote:** 10 - 0 - 0  
**Senate Yeas:** Burdick, Devlin, Ferrioli, Winters, Courtney  
**Senate Nays:** 0  
**House Yeas:** Barnhart, Buckley, McLane, Parrish, Kotek  
**House Nays:** 0  
**Prepared By:** John Borden, Legislative Fiscal Office  
**Meeting Dates:** 10/1

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**WHAT THE MEASURE DOES:** Modifies the cost-of-living adjustment (COLA) under the Public Employees Retirement System (PERS) beginning on or after July 1st, 2014; Provides temporary administrative authority to the PERS Board to pay one-time supplemental payments to PERS benefit recipients that receive a COLA beginning July 1st, 2014; limits the amount of the first supplemental payment to no more than \$150; Supplemental payment authority repeals on December 31st, 2019 and are to be paid from the PERS Contingency Reserve Account; Directs PERS Board to report on or before September 30, 2018 on its recommendations related to the statutory COLA adjustment and continuation of the administrative supplemental payment; Provides for expedited review by the Oregon Supreme Court; Declares emergency, effective on passage. The following table summarizes the measure’s changes for the second year of the 2013-15 biennium, as compared to current law.

COLA/Supplemental Annual Benefit Amount	Beginning July 1, 2014			
	Current Law	Statutory	Administrative 1*	Administrative 2*
<\$20,000	2.00%	1.25%	0.25% not to exceed \$150 [mandatory]	0.25% [mandatory]
\$20,000 to \$40,000	1.50%			--
\$40,000 to \$60,000	1.00%	0.15%		--
>\$60,000	0.25%			--

\*Sunsets on December 31, 2019.

**ISSUES DISCUSSED:**

- Supplementary payments
- Status of SB 822 (2013) administrative rate deferral
- Change to unfunded liabilities and system funded status
- 2013-15 and 2015-17 employer rates
- Contingency Reserve Account
- Expedited judicial review

**EFFECT OF COMMITTEE AMENDMENT:** -2 amendment removes the annual benefit limit related to the payment of the first 0.25% supplementary payment, but limits the payment to no more than \$150; makes mandatory the second supplementary payment for annual benefits of less than \$20,000; makes two technical changes: (a) to clarify that the statutory COLA payment to alternative payees includes Oregon Public Service Retirement Plan; and (b) adds a requirement that supplementary payments begin in 2014.

**BACKGROUND:** Under current law [post SB 822 (2013)], provides for an annual COLA adjustment on July 1 each calendar year. The COLA rate of 1.5% for the first year of the 2013-15 biennium remains unchanged by the measure.

Statutorily, contingency reserves are for: (a) employer insolvency; (b) legal expenses; and (c) unspecified contingencies. The contingency reserve account’s balance is currently \$600.2 million.

SB 822 (2013) is currently under expedited review by the Oregon Supreme Court.