

MINUTES
SENATE FINANCE COMMITTEE
May 07, 2001
2:23 PM

TAPES

SFC-01 # 100, Side A

CALL TO ORDER

Co-Chair Pete Kelly convened the meeting at approximately 2:23 PM.

PRESENT

Senator Pete Kelly, Co-Chair
Senator Loren Leman
Senator Gary Wilken
Senator Alan Austerman
Senator Donald Olson

Also Attending: MELANIE LESH, Staff to Representative Bill Hudson;
GUY BELL, Director, Division of Retirement and Benefits, Department
of Administration

SUMMARY INFORMATION

HB 198-PUB OFFICERS RETIREM'T COLA/COMPENSATION

The Committee heard from the sponsor and the Department of Administration. The bill moved from Committee.

#HB198

CS FOR HOUSE BILL NO. 198(RLS)(efd add)

"An Act relating to a post-retirement pension adjustment for certain persons receiving benefits under the Elected Public Officers Retirement System, and establishing and relating to a Compensation Commission for State Officials; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

MELANIE LESH, Staff to Representative Bill Hudson, testified that

the sponsor considers this matter an equity issue regarding the difference between the Elected Public Officers Retirement System (EPORS), the retirement systems of several state leaders and the Public Employees Retirement System (PERS). She stressed there has been no cost of living adjustments for some former governors since they left office, while all other retirees do receive such adjustments.

Co-Chair Kelly reiterated this is an equity issue.

Senator Olson asked the number of people this legislation would affect.

Co-Chair Kelly listed: Governor Jay Hammond, Former First Lady, Hammond, in the event of her husband's death, Former Lieutenant Governor Terry Miller's widow, and Former Lieutenant Governor Lowell Thomas, Jr.

Ms. Lesh affirmed and noted this would apply in the future, to all former governors and lieutenant governors and their survivors, once they have been retired for ten years.

Co-Chair Kelly asked, "Is this actuarially sound?"

GUY BELL, Director, Division of Retirement and Benefits, Department of Administration, testified the retirement system is funded on a "pay as you go basis." He referenced the fiscal note indicating the costs of implementing this legislation.

Senator Wilken asked if there was any expectation on the part of these office-holders that when they retired there would be any inflation proofing of their retirement benefits.

Ms. Lesh surmised that since there has been no increase in the salaries for almost 20 years, there was probably no such expectation by these retirees.

Co-Chair Kelly spoke of the increased rate of inflation that was not anticipated when these retirees served. He explained that the inflation rate had been approximately three percent annually compared to the current 17 to 18 percent and he informed that this has adversely affected retirement benefits for those plans that do not include cost of living increases.

Senator Leman moved to report from Committee, CS HB 198 (RLS)(efd add) with accompanying fiscal notes: \$57,400 from the Department of Administration and zero from the Office of the Governor, and a new zero fiscal note from the Legislative Council.

There was no objection and the bill MOVED from Committee.
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RECESS TO THE CALL OF THE CHAIR AT 2:27 PM.

RECONVENED AT 6:01 PM, Tuesday, May 08, 2001

ADJOURNMENT

Co-Chair Pete Kelly adjourned the meeting at 06:01 PM, Tuesday,
May 08, 2001.