March 8, 2021

Senator Chuck Riley, Chair
Senate Committee On Labor and Business
900 Court St. NE, S-407
Salem, OR 97301

RE: Deschutes County Support for SB 113

Dear Chair Riley and Members of the Committee:

Thank you for the opportunity to provide comments in support of SB 113.

We support codifying the existing practice, providing that Public Employees Retirement Board may charge participating public employer accrued earnings for late payment of employee and employer contributions to individual account program which aligns OPSRP statutes with the Tier 1/Tier 2 PERS statutes.

The Public Employee Retirement System (PERS) provides retirement benefits for state agencies and approximately 900 units of local government. Currently, we do not have express statutory authority to recover lost earnings if an employer makes late contributions that deprive the member of accrued earnings. This long-standing policy is in place based upon the reasoning that members shouldn't be harmed by an employer's reporting failure and as a matter of practice, employers are accustomed to being billed for earnings after the close of the prior year.

As a member of the 900 units of local government affiliated with PERS, we believe it is in our collective best interest to allow PERS to enforce an invoice for interest earnings associated with an employer's late IAP contribution. If the faulted employer challenges the invoice, and prevailed, PERS would have to cover the cost of the lost interest earnings as well as administrative costs associated with the challenge. Even if the employer did not prevail, unnecessary resources would have been consumed to address the challenge. These additional costs end up being borne by the employer members of PERS. All PERS members benefit from codifying this existing practice into statute aligning OPSRP statutes with Tier 1/Tier 2 PERS statutes.

Please contact us if you have questions or would like additional information.

Sincerely,

The Deschutes County Board of Commissioners

[Signatures]

Anthony DeBate, Chair  Phil Chang, Vice Chair  Patti Adair, Commissioner

c: Senators Lynn Findley, Tim Knopp, and Dennis Linthicum
Representatives Daniel Bonham, Jason Kropf, Vikki Breese Iverson, and Jack Zika