



Legislative Testimony

OREGON DEPARTMENT OF CORRECTIONS

February 20, 2020

The Honorable Kathleen Taylor, Chair
Senate Committee on Labor and Business

Re: House Bill 4108A

Chair Taylor and members of the committee, I am Cindy Booth, Administrator of Reentry and Release for the Oregon Department of Corrections (DOC). I am here to testify in support of HB 4108A and answer any questions.

What the Bill Does:

This bill provides – for the purpose of determining the salary of certain members of the Public Employees Retirement System (PERS) – a housing allowance paid to prison chaplains. This allowance shall be included in the members' taxable income under Oregon law.

Background Information:

When DOC Chaplains filed their 2016 taxes, an unintended disparity in Oregon Revised Statute (ORS) application was discovered which disadvantages Oregon Public Service Retirement Plan (OPSRP) members. Each year, in accordance with historical practice and federal tax law, all qualified religious service employees receive a housing allowance letter signed by a DOC Assistant Director. For tax-filing purposes, employees can report their housing allowance to payroll. Payroll deducts the allowance from the employees' gross salary, and the adjusted wages are reported on their W-2.

The issue for OPSRP members is that PERS applies an ORS which calculates retirement based on the adjusted W-2 rather than the full chaplain's salary. PERS allows Tier 1 and 2 members to receive benefits based on their full salary, even though the adjusted W-2 wages are minus the housing allowance.

This bill will amend statute to allow OPSRP members to receive PERS calculations in the same manner as Tiers 1 and 2 benefits are calculated.

The oversight of this disparity in PERS benefits calculation has significantly impacted affected employees and resulted in a net loss of 35 percent of their gross income. This is a substantial loss that lasts the lifetime of the employee's retirement. DOC employees must postpone and reconfigure their retirement plans due to this change.

Submitted by:

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