

BEFORE THE BOARD OF COUNTY COMMISSIONERS

FOR MULTNOMAH COUNTY, OREGON

In the Matter of Implementing Measure 8;  
Affirming Board Policy for Granting  
Equal Treatment to Exempt or Non-Exempt  
Employees; Declaring Board Intent to  
Give All Employees the Benefit of Pre-  
Tax Treatment of Employee PERS  
Contributions; and Directing Preparation  
of an Implementing Ordinance on Exempt  
Employee Compensation

RESOLUTION

No. 94-232

WHEREAS, Measure 8 requires Multnomah County employees to pay an amount equal to six percent of salaries or gross wages to the Public Employees' Retirement System (PERS) since that is the retirement system offered by the County, and,

WHEREAS, the Measure allows local governments to contract or otherwise agree to pay this mandated contribution or increase salaries to offset the employee PERS contribution if the local government acts before the deadline established in Measure 8; and

WHEREAS, to fully deliver on the promise of the RESULTS campaign to increase government productivity and efficiency, the Board must maintain high employee morale. To be building a high performance work organization and at the same time tell employees they are losing 6% of their compensation for reasons unrelated to their performance is a contradiction; and

WHEREAS, the County started paying the 6% pension contribution to Multnomah County employees in 1981. In return, the County reduced all County salaries by 6%; and

WHEREAS, the County has agreed to amend existing collective bargaining agreements to make them consistent with Measure 8 by requiring employees to pay the employee contribution to PERS and to increase the compensation owed under those agreements in order to offset employee payment of the PERS contribution; and

WHEREAS, it is necessary to declare various County policies in connection with the implementation of Ballot Measure 8 in order to fully comply with the Measure, obtain favorable tax treatment under

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federal taxation law, and assure equal and prompt treatment of County employees under the Measure; and

WHEREAS, because the County has to pay additional federal taxes on additional wages, a 5.6% wage increase until July 1, 1997, to all employees will avoid a financial impact on the County; and

WHEREAS, without action by the Board, Ballot Measure 8 would impact employee groups at different times throughout the next three years, creating salary inequities. This would cause serious problems in filling vacancies and would create salary compression situations which would impede efficient operations; and

WHEREAS, Ballot Measure 8 will be subject to legal challenge. Without this action, the County would have to segregate the salary savings in a separate account and could not prudently spend the money until the legal challenges have been resolved. This action allows County business to proceed without that uncertainty; and

WHEREAS, the Attorney General's office indicates that the County can set up a mechanism to shelter from current taxes employee contributions to pensions. This will avoid additional income taxes going to the federal government and have the potential of keeping valuable investment funds in Oregon; and

WHEREAS, the Board has received legal counsel on the policies and measures that can be adopted to mitigate the impact of Measure 8 on employees, and is acting in conformance with that counsel and advice;

NOW THEREFORE, BE IT RESOLVED THAT the following policies are adopted:

Section 1. Equal Treatment of Employees

(a) Ballot Measure 8 should not be implemented to cause a substantially disproportionate impact on one group of County employees. More particularly, employees should not lose compensation solely because they are not parties to long-term employment contracts or collective bargaining agreements with the County.

(b) To whatever extent collective bargaining agreements are amended to mitigate the effects of Ballot Measure 8, that same mitigation should be provided to exempt employees by appropriate ordinance, resolution or other action;

(c) County employees should not suffer immediate and substantial reduction in compensation because of the operation of Ballot Measure 8.

(d) Current County policy (Ordinance No. 778, Section V(B) requires the compensation of exempt employees to be based upon the compensation paid to comparable employees by other employers, as well as the compensation paid to non-exempt employees;

(e) Prompt County action is needed to implement Ballot Measure 8 and its allowance of offsetting actions by the County.

Section 2. Exempt Employee Pay Increases to Mitigate Measure 8 Impacts; Exceptions

The Board has granted pay increases to represented employees in order to offset the impacts of Measure 8. In order to equalize treatment between these employees and those covered by the exempt compensation plan, the following policies shall be implemented as soon as permitted by law:

(a) Effective at the close of business on December 7, 1994, and except as provided in subparagraphs (b) and (c) below, any existing pay rates or ranges for exempt employees as that term is defined in this Section shall be increased by 5.6%, and the pay of such exempt employees shall be increased by the same percentage in lieu of the PERS pickup provided under prior county policy;

(b) The increases referred to in the preceding paragraph shall not apply to the Board of County Commissioners and the Auditor, whose salary is set by formula in the Home Rule Charter of Multnomah County;

(c) Any exempt employee on the effective date of this Resolution who is not then a member of PERS shall receive a salary increase of 5.6% on the date the employee becomes a member of PERS.

(d) Unless otherwise provided by Board action, the base pay and ranges for all exempt employees entitled to a 5.6% pay increase under subparagraph (a) or (c) of this Section shall be increased on July 1, 1997 by .4% of the base pay and ranges in effect on June 30, 1997.

(e) As used in this Section, the term "exempt employee(s)" has the meaning stated in Section II (A), Ordinance No. 740, but shall also

include any employee not covered by collective bargaining agreement, such as less-than-part-time, on-call and temporary exempt employees.

### Section 3. Employer Contribution to PERS; Tax Status

Except as otherwise provided by collective bargaining agreement, the following policy shall apply to all county employees who are PERS members or who shall become PERS members:

(a) The expenditures for each employee previously treated as gross salary and PERS contribution shall be combined into a single salary expense and is the "salary" for that employee;

(b) The employee's PERS contribution, together with other required withholdings, shall be withheld from salary;

(c) The employee's PERS contribution withheld from salary shall be paid by Multnomah County in lieu of payment to PERS by the employee, and the employee shall have no option to receive the contributed amount directly; and

(d) For the limited purposes of Internal Revenue Code Section 414(h)(2) and any related federal or state tax policies, the employee's PERS contribution shall be considered "picked up" by Multnomah County as the term "picked up" is used in the Internal Revenue Code. For other purposes, the contribution shall be considered to have been made by the employee.

(e) The W-2 forms for employees shall exclude the PERS contribution mentioned above for tax purposes.

### Section 4. Implementation

(a) The deadlines in Measure 8 require prompt action by Multnomah County to carry out these policies and decisions. Any ordinance to amend or repeal existing pay and benefit provisions shall be structured and adopted so that it can go into effect as soon as legally allowed by the Home Rule Charter. Any procedure, policy, practice or custom preventing this immediate effect, including provisions in Resolution 93-358 (Procedural Rules) relating to adoption and time of effect of ordinances, is suspended and shall not apply to actions taken under this Resolution.

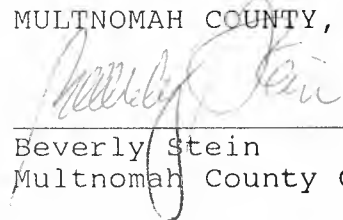
(b) The Personnel Officer is directed to take all actions necessary to implement this Resolution, including preparation and

submission of any appropriate ordinance and notification of appropriate authorities with respect to the county's election under 26 USC Section 414(h)(2).



APPROVED this 7th day of December . 1994.

MULTNOMAH COUNTY, OREGON

  
Beverly Stein  
Multnomah County Chair

REVIEWED:

Laurence Kressel, County Counsel  
For Multnomah County, Oregon

By 

Laurence Kressel

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