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Salaries of State Legislators (State Measure 1); Increasing Old Fire-Police Pensions

City Club of Portland (Portland, Or.)

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REPORT
on
SALARIES OF STATE LEGISLATORS

TO AMEND the Oregon Constitution by giving the state legislature power to fix the salaries of its members by law.

TO THE BOARD OF GOVERNORS
THE CITY CLUB OF PORTLAND:

Your committee was appointed to study and report on a proposed amendment to the Constitution of the State of Oregon which would amend Section 29, Article IV of the Constitution to read as follows:

"Section 29. The compensation of the members of the Legislative Assembly shall be prescribed by law."

This proposal has been approved by a joint resolution of the Senate and House of Representatives of the State Legislature at the 1953 session, and will be submitted to the people at the coming general election.

The effect of the proposed amendment would be to remove the present constitutional restriction on compensation of legislators, and to permit the Legislature hereafter to fix the compensation of its members by statute, without referring the matter to the vote of the people.

HISTORY

Compensation of legislators has been fixed by constitutional provisions ever since Oregon became a state. Until 1941, they were allowed \$3.00 for each day of a regular session, not to exceed \$120.00 for any one session; \$3.00 for each day of any special session, not to exceed 20 days; and \$3.00 for every 20 miles of travel to and from the place of meeting. The presiding officers received an additional allowance equal to two-thirds of their per diem allowance as members.

By a 1941 amendment, legislators were allowed \$8.00 per day of each regular and special session, regular sessions being limited to 50 days and special sessions to 20 days; and a travel allowance of 10c per mile. Presiding officers were allowed an extra \$4.00 per diem.

In 1949, Section 29 was amended to its present form, which provides in substance that members of the Legislature shall receive a salary of \$600.00 per year, together with "the sum of 10c for every mile they shall travel in going to and returning from their place of meeting, on the most usual route, and no other personal expenses"; and that the President of the Senate and the Speaker of the House shall receive additional compensation "equal to one-third of their annual allowance as members."

Previous City Club committees have reported on the 1941 and 1949 amendments, and also on other proposed amendments of this section of the Constitution, submitted by the Legislature and rejected by the voters in 1928, 1930, 1936 and 1940. The 1936 proposal would have had the same effect as the one now before the voters. All others would have retained some constitutional limitation on legislators' compensation. Each of these suggested amendments was recommended for approval by the committee which considered it.

SOURCES OF INFORMATION

Your committee has consulted members of the Oregon State Legislature, including the Speaker of the House and the President of the Senate for the 1953 session; the editors of the Oregon Voter and the Labor Press, newspapermen, and other individuals who, by their interest in and knowledge of politics and to government, might be expected to have

definite and informed opinions in the matter. It has gone through the records of the meetings of the Committee on Elections and Privileges at which this joint resolution was considered and recommended. The committee also studied a table, published in The Book of the States, 1954-55 Edition, at pages 100-101, which lists the compensation paid to legislators in each of the 48 states and which shows whether such compensation is fixed by statute or by constitutional provision, or a combination of both. It appears from this table that 19 states now regulate this matter by constitutional provision, 23 states do so by statute, and 6 states have a combination of constitutional and statutory provisions on the subject. Compensation ranges from \$10,000.00 per biennium in New York and Illinois, to a low of \$200.00 per biennium plus \$3.00 per day for not more than 15 days of a special session, in New Hampshire. Oregon is among the 10 states which pay the lowest legislative salaries.

The committee also studied the history of the constitutional and statutory provisions on this subject, in the various states. This study indicates that many states have always allowed legislators to fix their compensation by statute, and several others, including Washington, have changed in recent years from constitutional to statutory regulation. The committee believes, from its analysis of the table in The Book of the States, that the statutory states, in general, pay a higher rate of compensation, but that there is no discernible evidence that the legislators in any of the states have abused the privilege granted to them.

ARGUMENTS IN FAVOR OF THE PROPOSED MEASURE

1. Present compensation does not cover the expenses of legislators. This bars many qualified persons from serving because they cannot afford to make the necessary financial sacrifice.
2. The present arrangement, which requires amendment of the constitution through passage of a joint resolution by the State Legislature and approval by the voters at an election, each time that legislators' compensation is changed, is cumbersome and hinders the making of desirable adjustments.
3. Public opinion, and the publicity which will inevitably be given any attempt by the legislators to increase their compensation, will curb any extravagant tendencies which might arise.
4. Twenty-three states, including Washington, allow their legislators to fix their own compensation by statute. There is no indication that this privilege has been abused.

ARGUMENTS AGAINST THE PROPOSED MEASURE

1. The present system has produced good legislatures in most instances.
2. The fixing of legislative compensation by statute will result eventually in salaries which would be financially attractive and would tend to create an undesirable class of "professional" legislators.
3. Qualified and public-spirited citizens are and should be drawn to the legislature by the opportunity for public service, and not for financial gain.
4. The proposed amendment would permit the legislature to increase the pay for the session at which the increase is voted. This is forbidden by nearly all other states.

COMMENTS

Many of the arguments for or against the proposed bill can be evaluated only by experience. A large majority of the persons interviewed by the committee have favored passage of this measure, although very few consider it to be a perfect solution. Such trend as has been evident recently in other states has been toward fixing of compensation by statute, rather than by constitutional provision. The table published in The Book of the States, 1954-55 Edition, gives no indication that this privilege has been abused by the legislators of other states after it was granted. This committee considers it regrettable that the present measure does not forbid the legislators to make any salary increase applicable to the session at which it is passed. However, it is believed that publicity and

the pressure of public opinion can be expected to prevent any abuse of this kind which might otherwise arise. It seems to the committee that the arguments in favor of this measure considerably outweigh those which have been advanced against it.

RECOMMENDATION

Your committee therefore recommends that the City Club go on record as favoring the proposed measure.

Respectfully submitted,

WILLIAM F. BERNARD

DON GREW

BERKELEY SNOW

BERNARD VAN HORNE

ALFRED VEAZIE, *Chairman*

Approved September 27, 1954 by the Research Board for transmittal to the Board of Governors. Received by the Board of Governors September 27, 1954, and ordered printed and submitted to the membership for discussion and action.



REPORT

on

INCREASING OLD FIRE-POLICE PENSIONS

AN ACT amending the City Charter by authorizing the Board of Trustees of the Fire and Police Disability and Retirement Fund to increase pensions from said funds of members, widows and dependent children receiving pensions prior to July 1, 1947, by an amount not exceeding \$25 per month.

TO THE BOARD OF GOVERNORS
THE CITY CLUB OF PORTLAND:

This committee was authorized to study and report on this amendment increasing certain pension payments.

THE PRESENT SITUATION

Retired firemen and policemen and their widows and children now receive entirely different benefits, depending on whether the member retired before July 1, 1947 or after that date. Those retiring after that date receive benefits established by the plan adopted in November 1948. This plan was studied and approved by the City Club at that time as providing benefits generally comparable with those of other cities. Those retiring before July 1, 1947 did not, of course, contribute toward this plan and do not enjoy these benefits. Not only are the benefits substantially less, but they do not increase as either salaries or the cost of living may increase.

THE PROPOSED CHANGE

The proposed amendment would increase the present benefits of the pre-1948 group by not-to-exceed \$25 per month. In general, this means bringing the pre-1948 maximum benefits up to the post-1948 minimum benefits. Specifically, the \$113 maximum per month now paid firemen retired prior to July, 1947 would become \$135. The \$67 maximum now paid to their widows (except 8 at \$80) would become \$90. Policemen retired prior to July 1947, now receiving a maximum of \$100 per month, would receive a maximum of \$125. Their widows now receiving a maximum of \$67 would receive a maximum of \$90.

By comparison with the proposed maximum \$135, those retiring since July 1948 receive 60% of patrolman's or firefighter's salary, now \$354 each. This gives a retired patrolman or fireman \$212.40.

THE COST

The maximum cost of this increase will be less than \$102,000 the first year. It will decline each year thereafter, as the retired members die, widows die or remarry or dependent children die or become ineligible. Within 15 years the cost will be negligible.

The numbers eligible for this increase (the basis of the estimated \$102,000 first year cost) are as follows: 98 firefighters, 91 fire widows, 69 patrolmen and 82 police widows.

The pension fund is supported in part by the contributions of members and in part by a property tax levy. The proposed amendment will not require any additional taxing authorization since the pension fund is now authorized to levy an amount sufficient to cover the overall operation of the pension system up to a maximum of 2.9 mills, and the current operation of the pension system under the present law will require a levy of only .94 mills.

The \$102,000 first year cost of the proposed increase involves an additional .16 mills at present assessed valuation, about 1/40 of the cost of all measures on the November City ballot.

The proposed increases can be granted or withheld in any particular year at the discretion of the Board of Trustees of the Retirement Fund. Presumably the increase would be withheld if either general economic conditions or salaries paid firemen or patrolmen declined.

ARGUMENTS AGAINST

In the absence of any apparent organized opposition to the proposed increases, your committee has voted only two objections: the general lament that taxes are too high already; and the not entirely pertinent fact that the retired members and dependents to receive this increase did not contribute toward the Retirement Fund as large proportions of their salaries as are now required.

CONCLUSIONS AND RECOMMENDATIONS

In view of today's higher cost of living, present inequities, the relatively low cost of the proposed increases and the flexibility provided for their application, your committee is unanimously of the opinion that this act merits support and recommends that the City Club go on record as favoring passage of the measure.

Respectfully submitted,

MILTON GOLDSMITH

JACK HOFFMAN

WALTER MCGUIRE

GORDON BEEBE, *Chairman*

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STATEN ELECTED TO DISCUSSION GROUP BOARD

Mr. Frances A. Staten, first vice-president of the City Club, has been named one of two West Coast national directors of the American Foundation for Political Education, the parent group of the local World politics program.

Staten, who has served as co-leader for

several local groups in World Politics, will lead a group this fall starting Thursday, October 7th, at the Reed College faculty lounge. A second discussion group will start on Tuesday, October 5th, at the Unitarian Church.

City Club members are cordially invited to participate in either discussion group. Information on registration may be obtained by phoning BE 2822 or World Affairs Council office.