THE ADVANCING JAP... AND OREGON'S BIG JOB AHEAD

By Lt. Col. DONALD J. LEEHEY
Recently with the Army War Industrial College

Are the people of Oregon apathetic toward the Pacific war? Do business men of Portland put their interests before the nation’s welfare? Are the citizens of this state awake to the danger that lurks in the Pacific?

Colonel Leehey is one of Uncle Sam’s crack army industrial engineers, and he doesn’t mince words when he tells a civilian audience the part they should play in the war effort. City Club members can expect a straight-from-the-shoulder talk this Friday.

For twenty-five of his forty-five years, Colonel Leehey has been in or near the army. Reared in Seattle, he joined the National Guard as a youth, served on the Mexican border in 1917. From 1923 to 1926 he was Lieutenant of the 14th Engineers on Bataan Peninsula, in The Philippines. He holds degrees from the University of Washington, Rensselaer Polytechnic, and West Point, where he was for five years a faculty member. As an army engineer he has also served in New Orleans, East Port, Maine, and Fort Belvoir, Virginia. During 1940 he was at the Army War Industrial College in Washington, D.C., and is now Assistant District Engineer in Portland.

DR. FRANK L. GRIFFIN, Chairman . . . "Teachers' Retirement Committee"
A report by the Section on Education and Recreation published on page 110 of this issue

NEW MEMBERS TO BE INTRODUCED

JAMES McDonald, British Consul
Proposed by Clarence J. Young

H. QUENTON COX, Assistant Manager, KEX-KGW
Proposed by Mel Arnold and Lester Spillane

REINHART KNUDSEN, Secretary to Managing Editor, The Journal
Proposed by Howard E. Kessler,

Harmony in Diversity - - - Active Citizenship
TEACHERS' RETIREMENT IN PORTLAND
Report by the Section on Education and Recreation

To the Board of Governors of the City Club:

Your committee appointed to study the problem of the retirement of teachers in advanced age groups in School District No. 1, with reference to legislative enactments in Oregon and in other states, and with reference to judicial review of cases arising under such enactments, and including an analysis of age groups in the Portland system, drew up a detailed report which was ready for submission to your predecessors in the fall of 1938. Important developments affecting the retirement annuity system took place, however, at the time and at two much later dates, which required subsequent revisions of our proposed report. We are finally reporting as follows:

The Problem of Teacher Retirement

After three probationary years of service in School District No. 1, Multnomah County, a regular teacher, if retained, is placed on the "permanent list" and is not subject to annual appointment. Thereafter, until age 65 is reached, dismissal can be effected only for cause, and only after a hearing if one be requested by the teacher. Unless the Board of Directors unanimously votes for dismissal, appeal can be taken to the Teacher Tenure Commission, appointed by certain state offices. There is a retirement annuity system, financed jointly by the teachers and the District as described below, under which a teacher may retire voluntarily at or after age 60, or earlier if disabled, with a life annuity of $75 per month.

The 1935 legislature made retirement compulsory at age 65, effective February 1, 1938. Neat the latter date certain teachers (mostly principals), affected immediately by the enactment, attacked the legality of the compulsory retirement clause, alleging a violation of rights claimed to have been established under the previous tenure law. The suit was decided in their favor in the lower court, but against them in the Supreme Court of Oregon; and the United States Supreme Court let the latter decision stand. Following the institution of the suit, the present committee was appointed,—not to pass upon the legal problem, we assume,—but to study the general question of the desirability of the existing system from the point of view of social welfare. Naturally, this includes, among other elements, the equitable treatment of the teaching profession.

We have examined various documents: detailed statistical reports on the ages and experience of Portland teachers; articles in the Psychological Review and in the Journal of Nervous and Mental Disease dealing with mental decline with advancing age; a bulletin of the U. S. Office of Education on state teacher-retirement systems; the Oregon Laws relating to tenure and retirement; data on the salary scale in the Portland schools; an auditor's report on the financial condition, dated December 31, 1937, of the Teachers' Retirement Fund Association of School District No. 1, and other data relating to this fund; a report on an actuarial investigation of the Association as of June 30, 1937, by G. B. Buck, Consulting Actuary of New York City; an auditor's report on the condition of the fund as of December 31, 1941. We have also consulted officers of the Association, a former chairman of the School Board, a present member, and Superintendent Duplantis. Everyone approached has given generous and helpful cooperation in our study of the problem, some results of which will now be summarized briefly.

Age Distribution of Portland Teachers

In June, 1936, twenty months before compulsory retirement became effective, the age distribution of all teachers in School District No. 1 ran as follows:

(a) Elementary school teachers: the ages ranged from 24 to 71 years, with one-fourth above 54.5 years and one-fourth below 41.2 years. The median was 47.2 years.

(b) High school teachers: age range, 25 to 68 years; one-fourth above 52.1 years, one-fourth below 38.1 years; median, 45.5 years.

(c) Elementary school principals: age range, 31 to 75 years; one-fourth above 61 years, one-fourth below 45.8 years; median, 54 years.

(d) High school principals, vice principals, deans: in these three small groups half the individuals were above the ages of 55 years, 50 years, and 53 years, respectively.

According to the U. S. Office of Education the median age of all school teachers in the United States was then between 30 and 35 years,—as compared with the above figures of 47.2, 45.5, 54, and 55, etc., for the several Portland groups.

In the next few years there were some 140 teacher retirements because of age, but the foregoing figures were not much altered for the two large groups (a) and (b). In October, 1940, the median age of elementary school teachers was 48 years, and for the high school teachers 44.3 years. New teachers taken in between June, 1936,
and October, 1940, had in the latter month an average age of approximately 35 years.

**Mental Decline With Age**

Tests made upon groups of persons of various ages indicate that mental decline is not characteristic of old age alone but, as regards several functions, begins for most persons very soon after age 25 or 30. Learning, retention, and orientation are among the first functions to be impaired; whereas language, old information, and comprehension are among the last. Perceptive ability, indeed, is best in the ages 10-17, as is the ability to remember and especially to retain new material. These powers decline gradually to age 60 and in most persons very rapidly thereafter. Motor ability reaches its peak in the ages 18-29, and then falls slowly, but markedly where speed is a factor. Imagination shows little change with age. Comparison and judgment are best between 30 and 49 with a rapid decline after 69, and with old age about equal to adolescence.

There are, however, marked individual differences. About 25 per cent of persons about 50 are as quick in reaction time as the average for all ages, and score as highly in general. For work in the elementary school and high school, where alertness and quickness in recent memory as well as versatility in reaction are necessary, it would appear that most teachers have suffered a gradual decrease in many mental powers from age 30 to 60, with a rather rapid drop from 60 on. But this would not be strictly true in approximately 25 per cent of the cases. As another investigator has remarked: "Some are comparatively young at 60, with flexible, intellectually curious mentalities; others have slowed down in all their reactions before they have reached the age of 50."

All this takes no account of increased skill in teaching techniques, greater familiarity with pupils’ problems, increased breadth of scholarship and of general interests, larger vision and deeper wisdom, and possible improvements in personality in "such mellowing character traits as sympathy, kindness and beneficence." Unfortunately, a teacher’s personality sometimes changes in the opposite direction. Mental decline may be accompanied by flared impatience, for and understanding of young people, by growing harshness and inflexibility, and by an increasing gloom and sour disposition.

**A Fixed or a Flexible Retirement Age?**

In a small school system in which the work of every teacher can be thoroughly familiar to the authorities, it would seem advantageous to preserve a large measure of flexibility as to the age of retirement of each teacher, and act on the basis of each elderly teacher’s actual performance. The same would be true of a larger system which had principals capable of appraising accurately the work of all their teachers, and willing without fear of political influence or repercussion to rule intelligently and justly discriminations among their teachers.* Of the twenty-four states which in 1938 had statewide teacher retirement systems, only seven had a compulsory retirement age, viz., 70. All permitted voluntary retirement with an annuity at age 60, and some even earlier. Not uncommonly, municipal systems have a fixed age for retiring teachers, but permit earlier voluntary retirement, as in the case of the Portland Superintendent. Dugdale foresaw possible advantages in replacing the present mandatory age (65) by a flexible arrangement, if and when an adequate system of obtaining a discriminating evaluation of a teacher’s services shall have been built up. He states, however, that in certain large cities in which a flexible arrangement exists, political pressure interferes seriously with the proper functioning of the plan. In view of the difficulty of proving the inefficiency of a teacher by objective evidence in a formal trial, and when close observers are all convinced of this inefficiency, it appears that a flexible arrangement cannot yet be relied upon to maintain a teaching force of the high efficiency needed for the sake of the pupils. This appears especially true of the local system in view of the unusual difficulty of eliminating ineffective teachers at earlier ages. If a single director can be influenced by friends or by political considerations to object to a dismissal, the case goes out of the hands of the Board to the Teachers’ Tenure Commission. We very definitely favor reasonable protection of tenure; but deem the requirement of unanimity in the Board to be a vulnerable point in the protection of pupils and the public.

We would like to believe it within the power of civic purpose to install and make effective in a large public body a flexible retirement plan: one preserving for education the educational society can be contributed by those teachers whose qualities of mind and manner are superior during the mellow years. We have, however, been unable to find in print administrative legislation which will make the system able to withstand political pressures that impose evils worse than those produced by inflexibility. Reluctantly, therefore, we are convinced that for years to come there must be a compulsory age for retirement of teachers in the schools. The age of 65, as provided in our Oregon statute, appears as advisable as any.

The reasonableness of mandatory retirement at 65 in the absence of evidence of individual deterioration, is more than justified by the existence of an annuity system under which every teacher has a definite assurance of receiving a fair retirement annuity for life. At the time this committee began its study, local teachers unfortunately did not appear to have such assurance. At least, the grounds for doubt were sufficiently serious to justify a thorough-going canvass of the situation in order to avoid possible troubleable repetition of the experience which occurred in Portland in connection with the policemen’s pensions. Certain drastic changes, initiated in the summer of 1938 and made in December of that year, render the system vastly more secure. A brief description of the present system, aside from minor points, follows.

**The Annuity System**

The Teachers’ Retirement Fund Association of School District No. 1 was set up in 1912, upon an inadequate contributory basis, and was re-organized as of July 1, 1929, on approximately the present basis. Each teacher who was under age 45 years of age at the latter date, or when subsequently hired, is required through monthly or other deposits to accumulate at age 60 a fund to purchase half the contemplated $75 annuity, i.e., $37.50 per month for life. Those who were older on the start provided for a lesser portion of the $75 per month, the District contributing the balance. The question is now before the courts as to the extent of the districts’ obligations to teachers who are now in the salary schedule reaching 60. (The District annually pays into the retirement fund 3 per cent of its county tax
receipts; and also pays currently such additional sums as are needed in meeting its own share of current annuities.) The accumulated funds of the Association are invested through the agency of the United States National Bank of Portland. Before 1938 teachers’ accounts were credited with 4 per cent interest, and during 1938 with 3 per cent, compounded annually. In determining the sum to be required of each individual at age 60 the purchase price of the portion of his annuity that he must provide for, it was until December, 1938, assumed that the reserve would yield 4 per cent while he is drawing his annuity, and the American Experience Table of Mortality was used.

The net interest earned on mean invested funds dropped greatly. In 1937 it was but 2.5 per cent, approximately—due in part to losses taken on certain poor investments and in part to substantial expenses of management. Obviously, if such a rate of earnings persisted, the continued crediting of 3 per cent on accumulating funds and 4 per cent on reserves held for current annuities would lead to insolvency. On December 31, 1937, there was a deficit of $21,353 in the “Surplus”; and the market value of bonds and stocks was some $50,000 below their book values. A thorough analysis of the condition of the fund in September, 1938, brought about by a member of the School Board, showed that there had been a depreciation of some $200,000, mainly upon old assets acquired prior to the reorganization of 1929 and prior to the engaging of the above-named bank as investing agent. Due both to low earnings on investments and to a too-liberal interest basis in the sale of annuity contracts to retired members, the net rate of earning for active members had been but 1.84 per cent for the period 1929-38. As the result of this showing the teachers voted on December 13, 1938, to authorize the Board to make needed changes. The plan now in effect is to credit actual earnings (at present 2 per cent) on accumulating accounts; to use a conservative annuitant table and a basis of 2.5 per cent in determining the purchase price of an annuity, and to make appropriate disposal of surplus funds, the accumulation of which is to be expected on the new basis. This appears to put the retirement fund on a thoroughly safe basis, as far as the contributory portion of the annuities is concerned. Indeed, the Association now employs a firm of consulting actuaries on a continuing basis, Messrs. Coates and Herforth, San Francisco.

Mr. G. B. Buck, of New York, who served as consulting actuary in 1937 expressed some apprehension as to the degree of certainty that the District would continue to provide its full share of the retirement annuities. Pointing out that current payments by the District make no provision for meeting the much greater prospective load a few years hence, he stated that upon an actuarial basis the accrued liabilities of the District amounted in 1937 to $3,800,000 at a 4 per cent rate, and to much more at 3 per cent rate. The attitude of future taxpayers toward the increased load cannot, of course, be forecast with certainty; and it is unfortunate that any element of doubt should exist. For a retired teacher or one about to retire, whose earning days are over, to be deprived of a substantial portion of the modest annuity ($37.50 per month) promised by the District would be a real disaster.

This is particularly true because of the fact that the salary scale for Portland was until recently and probably still is materially below the median for the 88 cities having a population of more than 100,000, and most of the teachers laid heavy assessments upon themselves in December, 1938, in order to put their own fund upon a thoroughly safe basis.

The existing law does not permit the District to accumulate a reserve to meet the greater future retirement load. Fortunately, the permissible 6½% annual increase in tax revenues will help the District secure the funds needed to discharge its obligation to the teachers. In view of the ethical nature of these obligations, we are reluctant to believe that they would ever be repudiated or the faithful cooperation of the teachers ignored. As long as there is such a thing as civic honor in Portland, and civic leaders are present, can we not count upon the voters keeping faith in the promise they have authorized?

RECOMMENDATIONS

For reasons herein set forth we recommend:

(1) That until some thoroughly practicable flexible retirement system can be devised, the continuance of compulsory retirement at 65 be regarded as in the public interest;

(2) That the Club commend the Teachers’ Retirement Fund Association for having cooperated with the Board in putting the retirement fund upon a safer basis;

(3) That the Club express the hope that teachers currently paying less than their normal full contribution may reduce the deficiency in time to gain the full benefits of the retirement annuity;

(4) While it is not to be expected that the School District will fail to fully discharge its obligations to the teachers who have done their full share in this matter, should the occasion arise it is recommended that the Club use its good offices to see that the rights of such teachers are fully accorded them.

Respectfully submitted,

C. C. Chapman
A. L. Gordon
Dr. W. H. Hutchens
Milton Kahn
Frank L. Griffin, Chairman

Approved for transmission to the Board of Governors by
Anson Frehman, chairman of the section of Education and Recreation.

Accepted by the Board of Governors March 2, 1942, and ordered printed and submitted to the membership for consideration and action.

* Most of the leading colleges and universities have a twilight zone, at the beginning of which teachers may be retired or invited to continue, and at the end of which, most commonly at 70, retirement becomes mandatory.

** Unfortunately, a considerable number of teachers are currently paying less than the monthly installment needed to provide for purchase of the contributory part of their annuity, expecting to balance this deficiency by a lump sum to be paid in at the date of retirement.

NOTE: R. G. Dick, a member of the committee, could not be reached for approval of the final report.

Our Goal:

500 MEMBERS BY MAY

Present Membership: 490 Men