

MORE ACCOUNTABLE SYSTEM WOULD SAVE MILLIONS

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Summary: The path to reforming Portland's disability fund is clear, as is the likelihood of opposition to some changes

Taxpayers could save millions of dollars if the city made key changes to guarantee that its police and fire disability system helped only those truly in need.

Any major reforms will require approval from Portland voters. They also face possible opposition from police and firefighters unions, formidable foes who can mount a strong campaign and often hold sway with the public.

In 1989, when Portland voters last approved big changes in the Fire and Police Disability and Retirement Fund, unions backed the deal. The changes reduced disability benefits for their members, but there was a generous tradeoff: improved pensions.

"It's like the third rail in elections -- taking on police and fire unions," said City Commissioner Dan Saltzman, who launched a debate about the fund last fall because of concerns about controversial claims. "It's kind of one of those groups you're taught, 'Geez, you don't want to cross these guys.' "

Union leaders agree improvements are needed, but they're not about to relinquish their role helping oversee the fund. "Whatever changes they'd like to implement, we'd certainly consider. But we want to be part of the process," said Leo Painton, a board member and secretary-treasurer of the Portland Police Association.

They already are. A nine-member citizens committee charged with proposing changes by January to the City Council includes three members of the fund's board, including Painton.

Some changes that could control costs and increase accountability are already known.

* Shift police and firefighters into the state workers' compensation system.

Doing so would submit Portland police and firefighters to the same state laws governing their counterparts in other cities, which spend far less per claim than Portland. It also would end the perpetual benefit checks for people who might not be capable of their old duties but are able to earn a living in another job.

The change also could put review of claims in the hands of the city's insurance carrier or independent reviewers. That would mean reducing the role of the disability fund's board, now dominated by police and fire employees.

"I think you're going to get better decision-making, more emphasis on getting people back to work, a more impartial forum," Saltzman said.

Wresting power from the fund's autonomous board, and removing the fund's independence from state workers' compensation laws, would draw opposition from unions. "I like us, the city of Portland, having control, rather than dumping us into some huge other public sector plan," Painton said.

- * Require regular performance reviews of the disability fund.

Taxpayers could gain a backstop against rising costs by giving the City Council independent oversight of the fund's performance and management.

The fund's board -- which does not see itself as accountable to City Hall -- ordered a cursory performance review by a consultant last fall that found poor case management and confusion about the board's powers.

The fund could save between \$1.6 million and \$3.2 million a year with better case management and other steps, Mercer Human Resource Consulting Inc. told the board.

Among other things, the fund was failing to follow its rules requiring annual medical checkups for people on disability. "We're supposed to have been doing this for years, and we haven't been," Painton said.

- * Create more light-duty jobs for injured workers.

The City Council for years has buckled under pressure from the Police and Fire Bureaus, which have often resisted light-duty positions. The bureaus argue they want as many able-bodied employees as possible.

The sooner injured workers return, there's a greater likelihood they'll remain working and off the disability rolls, experts say. That would cut costs in the long term.

- * Eliminate roadblocks to rehiring injured police and firefighters for other city jobs.

A change in state law or the city's charter could make clear city lawyers could no longer claim Portland is exempt from an Oregon law requiring employers to offer injured workers a job that fits their abilities.

- * Enforce current back-to-work rules.

The city charter already gives the fund power to suspend benefits to anyone who can work but refuses to seek a new job or pursue retraining. The fund's staff says that has never happened. Interviews with board members have shown that many didn't know they had the authority.

* Address the high rate of stress claims by police.

Board member Tom Whelan, a retired Salem firefighter, says Portland police probably face more stress than officers elsewhere. But the high incidence of claims -- nearly one-third of Portland officers on disability are out on stress -- is still out of line.

Whelan said the fact that the Police Bureau does not bear the costs of a disability claim, which falls directly on taxpayers instead, means there is no financial incentive for the city to address what causes claims.

"It's like the (Police Bureau) is eating their own," Whelan said. "The culture down there has to change."

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