

## PERS is an Urgent Problem That Demands Solutions

PERS will siphon an additional \$10 billion from our K-12 schools, colleges and state and local services over the next eight years unless the Legislature enacts reforms now to control the system's rising costs. In K-12 alone, PERS cost increases will eat up funding equivalent to **5,000 teachers or 19 days of school** by 2025.

By a margin of better than 4-1 (77% to 19%), Oregon voters support "changes to PERS to reduce the system's costs for governments in the future but protect retirement benefits earned to date by public employees" [DHM Research, April 2019]. **SB 1049 does exactly that.** It protects all benefits earned to date and will:

- Reinstatement of employee contributions to support the PERS pension plan, starting 7/1/2020.
- Cap high-dollar pensions for future service.
- Extend the repayment schedule for the system's liabilities.
- Provide state matching funds for local governments to pay off their PERS debts.

## We urge passage of Senate Bill 1049

### ➤ For Students in Our Classrooms

- SB 1049 will reduce PERS costs for K12 school districts sufficient to restore 1,850 teaching positions or 7 days of school statewide, and
- Relieve the budget pressures that are driving up tuition in our community colleges and universities.

### ➤ For Oregonians of All Ages

- SB 1049 will relieve cities, counties and state agencies of PERS payroll costs that will otherwise force reductions in staffing for critical services, such as police and fire protection, public health and libraries.

### ➤ For Public Employees

- The changes proposed in SB 1049 are similar to changes negotiated in private-sector union plans and enacted in other public plans in the decade since the 2008 recession.
- Employees will continue to earn generous pension benefits (45-50% of final salary after 30 years of employment) + a 401(k) style plan + Social Security, yielding retirement payouts more than 80% of final salary.
- No employee will suffer a reduction in pay, as their contributions to the pension plan will be redirected from supplemental payments to the system's 401(k)-style savings plan.

### ➤ For Taxpayers

- SB 1049 means much-needed relief from the diversion of tax dollars to fill a deepening PERS funding hole. Oregon households are paying more than \$1,500 a year to support PERS for public employees. Without SB 1049, they'll pay more than \$2,200 in the years ahead. And, more than 40 cents of every dollar raised by the new \$2 billion revenue package dedicated to K-12 will be consumed by PERS.
- SB 1049 will cut those increases more than a third in the next decade.