

Senator Tim Knopp Senate District 27



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Senator Knopp Calls For Immediate Action on PERS Following Supreme Court Decision

Salem, OR - Today, the Oregon Supreme Court announced their decision to overturn major PERS reforms from the 2013 Grand Bargain that would have saved the state close to \$5 billion in unfunded liability.

"Today we lost 95% of critical savings from PERS reform," said Senator Tim Knopp (R-Bend). "That means larger class sizes; fewer school days; teacher layoffs; eliminating programs like art, music and PE in schools; tuition increases at community colleges and Oregon universities; fewer police officers, firefighters, and prison guards; fewer resources for fixed-income seniors; cuts to community mental health services; park closures; a reduction in sustainability and community development programs; and significant reduction in other critical services. The legislature must take immediate action to streamline bloated government, create jobs and seek legal PERS reform without raising taxes before Oregon falls off this looming fiscal cliff."

Beginning in 2017, local governments and school districts will face PERS rate increases of around 5.5% of payroll, crippling budgets and forcing cuts to critical services. Meanwhile, the legislature will face the challenge of filling a nearly \$5 billion hole in the state budget from unfunded PERS liabilities.

"We have to end the cycle of placing the bandaid of higher taxes over bloated state government and ballooning liabilities," said Senator Knopp. "The legislature cannot

burden our schools, local governments and working families any longer. Because of years of one-party of rule in Oregon, it's time to find a legal route to PERS reform, and create jobs to strengthen the economy and provide a stable revenue stream for the next generation of Oregonians."

Senator Knopp introduced Senate Bill 782 and Senate Bill 785, proposing the following constitutionally viable pathways to reducing unfunded PERS liabilities:

- Re-direct the 6% IAP Member Contributions
- Set amortization rates for Money Match at a level that reflects competitive private sector rates
- Place new employees in defined contribution plans similar to those in the private sector

"The only long-term solution to eliminating crippling PERS liability is to establish a market-based fair retirement plan for new public employees that mirrors retirement plans found in the private sector," explained Senator Knopp.

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