



**TERESA ALONSO LEÓN**  
**State Representative**  
**House District 22**

Dear Chief Clerk Sekerak,

May 31<sup>st</sup>, 2019

I write to submit an explanation for my vote on Senate Bill 1049.

It was a difficult choice to vote yes on SB 1049. I believe in and fully support the dedicated public employees who work hard every day to strengthen our communities, and I care about passing legislation that helps support the hard-working families that keep us safe, teach our children, and make sure our state continues to run. I know that this choice will be felt by many, and I accept the anger and frustration that this will cause. All I can say was this was a difficult choice and provide you with an explanation that led me to my decision.

As a state, we have seen the cost of our Public Employee Retirement System balloon since the recession. Employer rates have more than doubled in the last decade, forcing government employers to lay off staff and make program reductions. Even in the best of times, the spike in required contributions to pay down the \$26 billion unfunded actuarial liability has led public employers to make painful cuts to teaching positions, school days and other critical services that Oregonians rely on.

As I understand it, not addressing the PERS will cause a crisis where we are at risk of losing jobs across the state, please know that making sure that your jobs are intact is important to me. Not passing this bill would mean, employers would have to consider cutting jobs as they cannot afford to continue our current situation and SB 1049 is a hard bill that addresses this problem in a way that does not put our state at further financial peril. I spent time talking to many people on this topic. I read the governor's report and spoke to our union partners. Many suggestions surfaced from folks to try and approach this situation differently, but unfortunately, from what I have learned they are not viable solutions right now.

It was a difficult choice, but I needed to ensure I was on the side of saving jobs and ensuring key issues like Driver License, Paid Family Leave, keeping tuition costs down and the Clean Energy Jobs continued to move forward.



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I voted in favor of Senate Bill 1049 because I believe it will help accomplish two important things. First, the bill includes system-wide cost savings that will protect critical services and ensure long-term stability in our retirement system. Second, I believe it will help head off corporate efforts to make even deeper cuts to employee benefits.

To the first point, SB 1049 is the result of years of legislative and actuarial analysis to determine the best ways to reduce the costs of PERS. I believe these changes will reduce costs for public employers in a way that is legally permissible, actuarially sound, equitable, and system-wide.

Every local government, school district, and public employer will see real savings from SB 1049 beginning in 2021. That year, we can expect savings of between \$1.2 and \$1.8 billion with increased savings in succeeding biennia.

They have the potential to save the following to the schools in my district for the 21-23 biennium:

Salem-Keizer School District: \$30,859,363,

Woodburn School District: \$2,322,626.72

Gervais School District: \$80,000

These numbers ensure they won't have to make position cuts. As I mentioned, keeping state jobs is crucial to me.

Thanks to the advocacy of public employees, this proposal was made stronger, by eliminating cuts to the Money Match and ensuring there were both one-time and ongoing resources dedicated to paying down the unfunded liability.

To the second point, I believe inaction would have caused a much worse result for public employees and ultimately for communities across the state. Individuals and organizations are making genuine threats to put PERS reform on the ballot. One threatened ballot measure would create yet another retirement tier, denying future employees' access to a pension entirely, and instead create a system where their retirement comes all together in the form of a "defined-contribution" or 401K-style program. Such a ballot measure would have a good chance of passing, and thus, inaction could have disastrous impacts on PERS.





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Ultimately, I believe there will be long-term benefits for our entire state with this legislation, and I remain as committed as ever to ensuring our public employees are compensated in a way that they deserve.

Sincerely,

Representative Teresa Alonso Leon  
Oregon House District 22