



**HOUSE OF REPRESENTATIVES**

May 30, 2019

Dear Chief Clerk Sekerak,

It is impossible for me to go into my vote explanation on SB 1049-A without giving a little background on myself. Before my election to serve as State Representative in 2018, I had a career in public service with the State of Oregon. Most recently, I worked in the Department of Human Services in Child Welfare and later in Self Sufficiency, both in Astoria. I'm a Tier 3 (OPSRP) public employee in PERS, and formerly an active member of the public employee labor union, SEIU. In 2018 I promised to stand up for working people, especially those in our North Coast communities. Many of those who supported my election came from those groups of people.

As a former public employee, I am personally offended by the public attacks against public employees and their benefits. Public employees work just as hard as those in the private sector, often thanklessly, and on average make much less than private sector employees. As a result, the benefits package, including health insurance and retirement benefits, is an important piece of the compensation package that makes public service attractive and effective for retention. That, and my perspective as a state employee who sacrificed higher wages in exchange for long-term retirement security and a job that truly allowed me to help people, meant that when Democratic leadership in the legislature introduced SB 1049-A, a "no" vote was all but a certainty for me.

The insight I gained as a legislator into the actuarial issues surrounding PERS forced me to question my assumptions. Though PERS is one of the most well-funded, well-managed pension systems in the world by comparison—the unfunded actuarial liability is a much bigger issue than I had understood. Because of that unfunded liability—over \$26 billion--rates paid by public employers into the pension system in the next biennium were estimated to exceed over 30% of payroll for many public employers (especially school districts). What this ultimately would mean is that, *also* within the next biennium—even in spite of the massive Student Success bill we passed earlier this session—vital services and public sector jobs would be at risk. Not only that, but the long-term viability of our pension system would be threatened if the Legislature didn't act.

In addition to the actuarial threat to the future of the pension system, there was also a political one. Several ballot measures being proposed this year would have meant the destruction of our defined benefit pension system as we know it. It became clear that if the Legislature moved forward with a reform, those measures would either be dropped, or the urgency in the mind of the public for their passage would have been lessened through legislative action. I was not willing to gamble with the pension system and the retirement security of people I care so deeply about—public employees and my former colleagues in public service.

Suddenly, my easy decision referred to earlier in this explanation became an impossible one: I, and my Democratic colleagues, believe that our public employees and teachers are invaluable, we don't pay them enough, and we all ultimately believe that they shouldn't have to be a part of the reform plan. And yet, if something didn't happen, we would potentially sacrifice multiple other values.

Student Success would potentially be at risk. Employer rates into PERS would go so high it would most certainly lead to cuts in vital public services and the loss of public sector jobs. And finally, failure to put





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forth and *pass* a bill on PERS would have made the likelihood of ballot measures that make draconian cuts to PERS all but certain.

In coming to these conclusions, I have often likened this process to watching an asteroid on approach to Earth. You might not be able to stop the asteroid, but you might be able to do everything you can to minimize what would otherwise be a cataclysmic impact. All of the issues I have touched on were the asteroid, and SB 1049 was our effort to minimize harm.

The initial proposals to solve this issue included the Governor's plan, which involved a much higher employee redirect of IAP funds, preventing a money match, and no re-amortization of debt. The Senate bill at hand made significant changes on all of those fronts, including the option for employees to make their IAPs whole, and for the redirect to *stop* once the pension reaches the 90% funded rate. These changes are significant, and due in large part to the lobbying of constituents and the labor groups fighting for them.

While I don't expect these changes to necessarily make public employees feel fully comfortable about the end product—I do hope they know that great care was taken to try to come to the best possible plan: And I want to be clear that I utterly reject the idea that a reason to vote for this bill was because public employees should somehow have “skin in the game.” My motivations in voting yes are entirely different.

I also hope that people realize how deeply involved I made myself in the process of trying to find alternatives. Where colleagues I knew took a hard stance on wanting us to simply re-amortize the debt over a longer period of time, I took the initiative to contact the PERS board myself to find out why we couldn't. What I found was that it would have destabilized and been potentially destructive to the system. I *tried* to find alternative sources of revenue that would have allowed us to avoid the 1.2% portion of the deal that the employee redirect comprises, either by using SAIF funds, or even “the kicker.” As one of 90 legislators, I found those ideas to be untenable with enough of my colleagues to make it an impossible path.

Despite all of my best efforts, I am confident in saying that there were no feasible options with a real ability to make it through the Capitol, even with a super majority. Those reasons are both political and practical—and for that, I am heartbroken.

I fully believe in the power of labor and the value of our public employees. I know that it is probably impossible for those affected by this bill to see it now—but as someone who will *also* be impacted by these cuts (I am a Tier 3 employee), for me, it was of superior importance to make sure that we were able to have some control over the outcome on this issue. The redirect only impacts IAPs. And between an employee's defined benefit amount and their IAP, the overall impact to individual retirements will only be about one to two percent.

For those who are angered by my vote, I hope they know that I looked at this issue from every angle, thought about it, fought against it, and only arrived at the final outcome after significant deliberation and, from a human level, a lot of tears. This was an incredibly complex issue, and I made the hardest decision of my life knowing that there would be a lot of implications and consequences for it. I made the final decision because it was the right thing to do to protect the people I care about the most, even if it may not benefit me.



**TIFFINY MITCHELL**  
**STATE REPRESENTATIVE**  
DISTRICT 32



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In the end, without much in the way of alternatives, this was the most effective thing I could do to deliver on my promise to protect public employees and ensure a secure retirement for them. That is the responsibility I have as a servant of the people; to look out for them, even if I know it may be hard to see in the immediate.

Respectfully,

A handwritten signature in blue ink that reads "Tiffany Mitchell".

Representative Mitchell

