



HOUSE OF REPRESENTATIVES

TO: Timothy Sekerak, Chief Clerk, Oregon House of Representatives
FROM: Barbara Smith Warner
DATE: 31 May 2019
RE: Vote Explanation, SB 1049A

I am a longtime labor advocate, education champion, and spouse of a PERS Tier 1 employee, and I voted yes on SB 1049A because I care about protecting the defined benefit pension of current and future public employees, and creating a more fair and stable revenue and fiscal structure for the state and for all Oregonians.

The Modified Commercial Activity Tax that was passed in HB 3427 will provide dedicated funding for education that will track with the growth of our economy and fundamentally shift our state revenue system. SB 1049 complements this effort and will provide more stability by capping PERS contribution rates and establishing an ongoing revenue stream for the unfunded liability that does not balance the budget on the backs of public employees.

I have always said that any PERS reform proposal must be fair, legal, and make a significant impact on our structural issues. There are dozens of PERS reform proposals introduced each session, and no other proposal met these standards. I have and will continue to oppose those unfair attempts to penalize current and future public employees for the short-sighted investment decisions and structural frameworks of the past. I will also continue to advocate for ways to strengthen and stabilize state and local budgets so public employees can count on a job and retirement, and the people of Oregon can count on services.

SB 1049A largely achieves these three goals. 1) It does not change any existing benefits that have already been earned by current workers. 2) It achieves 80% of the benefit through amortization. The employee contribution redirect is proportional, with a larger amount coming from Tier 1 and Tier 2 employees, and there are no changes to any employee's defined benefit. 3) The bill will significantly stabilize and decrease PERS rates for the next decade for public employers, which means more money for services. In 2021-2023 alone, this proposal will mean a savings of over \$51 million dollars just for Portland Public Schools. That is the equivalent of almost 600 teachers or education professionals. That's a game-changer, especially when it not only provides revenue to add back jobs that were lost over the last few budgets, but also protects the benefits of those public employees working in our schools.

With this legislation, the direct impact to future retirement benefits - again, not benefits already earned - is projected to be 1-3%. For me, the ability to protect those defined benefits while helping reduce PERS related liability and debt and restore critical public funding for services like education, health care and public safety is an achievement that helps our entire state move forward.