



HOUSE OF REPRESENTATIVES

May 31, 2019

Dear Chief Clerk Sekerak,

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

I strongly believe our state must support its public employees and work to encourage new workers to enter the public sector. Without the dedicated public employees who have committed themselves to bettering our communities, Oregon would not be the wonderful state that we all love.

Since the last recession, the cost of our Public Employee Retirement System (PERS) has inflated massively, and vital public services have suffered as a result. The \$26 billion unfunded actuarial liability in PERS has led to cuts to teaching positions and school days year after year, not to mention other critical services that Oregonians rely on every day.

While I understand that Senate Bill 1049 may have a negative impact on public employees, I voted "yes" for two reasons. First, I believe it will stabilize our retirement system, which will protect critical services that have been slashed in recent budget cuts. Efforts to reduce PERS costs began years before I was elected, and I believe Senate Bill 1049 is the most diverse, actuarially sound, fair, and legally permissible option available. Thanks to the efforts of my colleagues, I expect that every local government, school district, and public employer will see significant savings beginning in the next biennium. Legislative analysis suggests a savings of between \$1.2 and \$1.8 billion in 2021, with increasing savings in succeeding years. This will mean real savings for school districts in the communities I represent: for example, early estimates of savings for the Gresham-Barlow School District are over \$7.1 million for the 2021-23 biennium. My hope is that individual districts' abilities to better fund teaching positions will offset the slight redirection of members' Individual Account Program contributions.

The second reason for my "yes" vote is that the legislature needs to be the source of a solution to the PERS problem. Without this bill, I fear that PERS reform would be put to Oregon's voters as a ballot measure. I take that threat seriously, because those ballot measures would make changes to PERS that will not serve public employees at all. One proposed ballot measure would create a fourth retirement tier, completely denying future employees a pension, and instead create a system where their retirement comes only 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 had a disastrous impact on PERS.

Oregon is one of only two states which does not require public employees to contribute to their own retirement accounts. This has led to calls to require individual contributions and a tendency for public employees to be blamed for the PERS problem. This problem was never their fault, and I am hopeful that SB 1049, which maintains the existing structure of the pension system while helping to reduce its unfunded liability, will end the attacks on PERS and public employees.

In short, this was a difficult vote for me, but I believe it was the right thing to do. This legislation will be a net positive for our state, our public institutions, and the services that they provide. I remain as committed as ever to ensuring that our public employees are well-compensated and well-respected.

Sincerely,

Representative Anna Williams

