



SENATE MAJORITY OFFICE

Oregon State Legislature
State Capitol
Salem, OR

NEWS RELEASE

April 11, 2013

CONTACT: Tom Powers (503) 986-1074
tom.powers@state.or.us

Senate provides more resources for schools with equitable PERS bill

SB 822 puts PERS on a sustainable course with substantive reforms that produce billions in long-term savings

SALEM—After a lengthy public process and conversation, the Oregon Senate today voted to advance a proposal that will help provide over \$1 billion in new education resources by making equitable changes to the Public Employees Retirement System (PERS). The substantive reforms contained in SB 822 are estimated to produce billions in system-wide savings over the long run and over \$800 million directly for the 2013-2015 biennium.

“The provisions in SB 822 will result in \$805 million in PERS savings this biennium and billions of dollars over the life of these reforms, allowing school funding to increase by \$1 billion,” said Senator Floyd Prozanski (D-Eugene). “Our vote today sets PERS on a more sustainable course with fair, equitable changes to the retiree Cost-of-Living Adjustment, and asks a little more of higher-income retirees in order to fund our schools.”

In March, the Co-Chairs of the Joint Ways and Means Committee released the ‘Turning Point’ budget framework for the 2013-2015 biennium, which calls for a \$6.75 billion investment in public education. In order to procure the additional resources needed to make an increase of \$1 billion over current education budget levels, the Co-Chairs identified potential PERS savings, efficiency measures, and increased revenue through closing tax loopholes.

The changes included in SB 822 will stabilize the fund that supports PERS, which took a substantial hit when the 2008 Wall Street crash affected portfolios across the market. While that fund has recovered somewhat over the intervening years, the fund cannot entirely recoup those losses through an improvement in the market alone. Provisions of SB 822 will repair the fund that supports PERS by restructuring the Cost-of-Living Adjustment (COLA) and eliminating the income tax reimbursement for out-of-state retirees.

“We’re asking retirees to give back some of their hard-earned retirement in order to make a substantial reinvestment in our schools and our future,” said Senator Arnie Roblan (D-Coos Bay). “As a former principal, I’ve seen how hard teachers work for their students. Asking teachers to sacrifice part of their benefits is not something we should consider lightly, and everyone should share in the effort to substantially reinvest in our schools.”

The substantial savings produced by SB 822 will recalculate PERS employer contribution rates and provide immediate budgetary relief for school districts, local governments, and other participating agencies. Changes to

the COLA and out-of-state tax provision will help alleviate rising costs for these entities into the future while making the overall PERS fund more sustainable with long-term savings.

“It’s time to reinvest in Oregonians’ top priorities. By passing SB 822, we can begin to stop the trend of teacher layoffs and increasing class sizes in Oregon schools and move towards a brighter and more stable future for students across Oregon,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “We commend Senator Devlin for his leadership and tireless work to ensure we can fund critical state services.”

SB 822 now proceeds to the Oregon House of Representatives.

###

For more information on the Senate Majority Caucus, please visit www.orsenatemajority.org