



OREGON SENATE REPUBLICANS

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Gov. Kate Brown refuses to address our state's critical pension crisis

SALEM - Gov. Kate Brown [threw ice-cold water on the idea of addressing Oregon's critical pension crisis](#) at the annual Oregon Leadership Summit, which has met since 2002 to facilitate honest and collaborative conversations.

Senate Minority Leader Ted Ferrioli, R-John Day, released the following statement:

"I'm disappointed the governor rejects all engagement efforts on PERS reform. Governor Brown and Legislative Leaders have a moral obligation to cut skyrocketing PERS costs that are destroying our ability to fund schools, health care, mental health and other services needed by seniors and veterans. We also have an obligation to current and future retirees to manage PERS for long-term sustainability. Failure to reduce runaway PERS costs today may threaten Oregon's bond rating and could ultimately cause PERS to be declared insolvent."

This year's event focused on the state's fiscal challenges and in a show of hands, the roughly [1,000 business and civic leaders in attendance overwhelmingly said the state's budget problems qualify as a "crisis."](#)

The critical PERS crisis will cost Oregon schools \$335 million in the 2017 to 2019 biennium, which could have paid for over 2,000 new teachers. And, PERS is now only 71 percent funded, with a 15 percent drop in just two years, and costs are expected to continue increasing. PERS' deficit is now \$21.8 billion, and Oregon schools owe \$13,879 in PERS debt per student.

Oregon can redirect future employee contributions from the Individual Account Program (IAP) to the pension plan to help offset the costs of financing its promised benefits. Other states have boosted both employer and employee contribution rates to shore up their pension plans. It can be done without reducing take-home pay for employees and without touching IAP balances accrued to date and it can offset half of employer borne rate

increases over the next six years.

Another sensible reform proposed by business leaders at the summit would be to reduce the annuitization rate for the PERS system Money Match from 7.5 percent to 3.5 percent. Other solutions include capping the calculation of final average salary payouts at \$100,000, and/or calculate the average final average salary payouts over five years instead of three, to prevent exorbitant retirement salaries like an Oregon professor's \$663,354 per year.

The full Oregon Business Plan's 14th Annual Leadership Summit Policy Playbook can be viewed [here](#).

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