

Senate Republican Office

Oregon State Capitol
900 Court Street NE, S-323
Salem, Oregon 97301

March 27, 2013

CONTACT: Michael Gay
(503) 986-1950
(503) 781-8559

Senate Republicans: no significant PERS reform = no revenue increases

Goal of PERS legislation should be \$2 billion in savings

Salem, OR – Senate Republicans stated Wednesday that PERS reforms must aim to save nearly \$2 billion, or Democrats will not find Republican votes to raise additional revenue.

“Schools and local governments need significant, bold PERS reform,” said Senator Tim Knopp (R-Bend), who testified on behalf of the Senate Republican caucus at a Senate Rules committee hearing. “A timid approach to this crisis is no solution. Until there is reform that provides meaningful relief to local classrooms, there is no reason to have a discussion about increased revenue.”

Democrats held a joint hearing on Senate Bill 822 between the House and Senate Rules Committees on Wednesday. Senate Bill 822 only saves \$455 million, well short of what school districts and others have been desperately asking for.

Editorial boards have also joined the call for real PERS reform. Wednesday morning, *The Oregonian* stated, “Without bold PERS reform, we’ve argued, the Legislature will succeed neither in reducing the retirement program’s costs adequately nor in justifying the tax hikes some lawmakers want. On Wednesday, the reform proposal drafted by the top Democratic budget writers will receive a committee hearing. It’s about as bold as khaki pants.”

The Register Guard sang a similar tune: “The Democrats’ strategy, unveiled in detail on Monday, is to address the cost of PERS as gingerly as possible. The strategy is a disappointment; the times call for a bolder approach.”

Knopp offered a series of alternative proposals that could provide real reforms and savings, providing schools and local jurisdictions with desperately needed resources. The common sense proposals include eliminating tax remedy payments for non-Oregonians, limiting cost of living adjustments, re-directing Tier 1 and 2 member contributions to separate accounts, reducing the money match annuity rate, eliminating final salary inflation and allowing employers to negotiate a retirement contribution pick-up lower than 6% of an employees salary.

“These are some ideas that we could support,” said Knopp. “But we want to work with Democrats to find a solution, that saves \$2 billion and positions our teachers and kids for success.”

Democrats have proposed a budget that relies on \$275 million in new revenue. While Republicans are willing to discuss ending some tax expenditures, they believe it is a premature discussion until PERS is dealt with in a responsible manner.

###