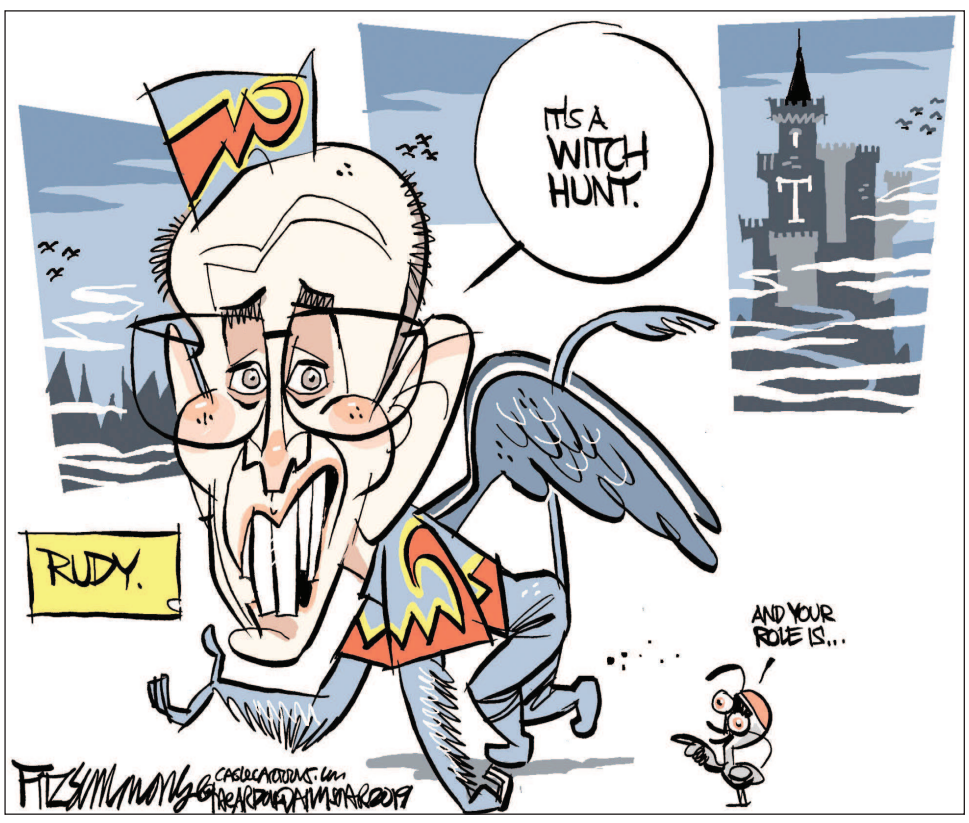
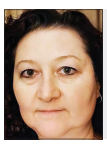


On the Fence

How should Oregon fix the PERS crisis?

Policymakers must look at complete picture, avoid ill-informed changes



ANJEE YOUNG-WHITNAH
UNION COUNTY PROGRESSIVES/ DEMOCRATS

The Oregon Public Employee Retirement System was created to provide a stable and secure retirement for public employees and allow universities, police and fire departments, local governments and the state to compete for employees. This retirement benefit is an essential part of the total compensation for Oregon's teachers, firefighters, public nurses and university employees like me.

While I love my job working with young people and helping them prepare for their future, I have had to take a second job to make ends meet. So before any more discussions about cutting PERS, I ask policymakers to remember three things: the cause of the unfunded liability, the goal of the program and the high risk of making things worse.

First, today's working people did not cause the unfunded liability. That is why it is so difficult when lawmakers make and pass proposals to slash our retirements. Every year the state publishes a report called "PERS by the Numbers," and year after year it shows the same thing: 72% of the pension liability is for people not working, either because they have retired or they have left public service.

Second, the goal of PERS is to provide a secure retirement and fair total compensation for public employees who provide essential services to our communities and who, in many cases, are earning less than they would in the private sector or have dangerous and difficult jobs. Most of the people working today are in the PERS program created in 2003. This hybrid program reduces costs while providing a secure retirement. It provides a pension of about 45% of salary for people who work 30 years and an Individual Account Program funded by a portion of our salary. The program was designed to be sustainable into the future — and it is. It is so sustainable that only 6% of the total pension liability comes from OPSRP members, even though they make up the majority of the workforce.

While today's working people didn't create the unfunded liability, lawmakers and corporate-backed groups want us to suffer through reduced retirement security. In the 2019 legislative session, our retirements were cut even further. Public employees like me have sued to overturn those cuts. Actuarial analyses submitted to the court showed that this legislation reduced plaintiff's Individual Account Programs between 4% and 14%.

Meanwhile, corporate-backed groups are circulating initiative petitions that would eliminate pensions for public employees altogether, slashing our retirement benefits and taking away any competitive advantage a public employer might have. Which leads us to the third principle when looking at PERS: Don't make things worse.

Any policies around PERS should look at the complete picture and take into account the high cost of ill-informed changes. Other public employers have learned that cutting benefits mean increased cost for recruitment and retention, higher turnover and reduced retirement security. (Issue Brief: Retirement Reform Lessons, 2018; Pensions Keep Teachers in the Classroom, 2017.)

For example, education is not keeping up with the salaries and compensation in other fields, particularly in a state like Oregon with high housing costs. From investigations by organizations as varied as USA Today and the Oregon Center for Public Policy, the data is clear: Low teacher compensation is a problem.

I work hard for my students and my community every day, even though I need a second job to cover expenses. My retirement benefits are a promise that was made to me and are not causing the unfunded liability. Further cuts are not only unfair, but they would force me to work long past retirement age or push me out of the field altogether.

Voters agree. Polling from 2018 showed that by a margin of 2-1 they rejected the idea of cutting educator benefits to pay the unfunded liability. The public stands with us and I hope that lawmakers will get the message and stand with us too.

Editor's note: A submission for this topic was not received by the Republicans.

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