

## RETIREMENT

# Public employees file lawsuit to protect PERS retirement benefits

Plaintiffs say SB 1049 is a breach of contract, an illegal taking, and violates the Constitution.

Nine Oregon public employees filed a lawsuit in the State Supreme court Aug. 9 challenging the constitutionality of a bill passed by the Legislature that negatively impacts their retirement benefits.

In the last session of the Legislature, lawmakers passed Senate Bill 1049, which cut benefits to current employees in the Public Employee Retirement System (PERS). Both the House and Senate were controlled by Democrats, and the bill was signed by Gov. Kate Brown, a Democrat.

The lawsuit contends that the bill targeted working people by taking money out of personal

accounts to pay employer's pension obligations to retirees. The plaintiffs assert that the loss of retirement benefits violates both state and federal constitutions, is a breach of contract, and is an illegal taking without compensation.

Jennifer James is the lead plaintiff in *James v. the State of Oregon*, et al. A member of Oregon School Employees Association, James has worked as a secretary at Molalla River School District for 19 years. After nearly two decades of service, she earns less than \$40,000 a year in salary. She is counting on every penny of her PERS for retirement security. According to the court filing, SB 1049 reduces her individual retirement account by more than 13%.

"I love my school district and

"Their service for public employers creates certain contract rights to retirement benefits. As the Oregon Supreme Court has ruled in the past, the State cannot breach the terms of those contractual promises."

— Aruna Masih,  
PERS Coalition attorney

have been faithfully doing my job for nearly 20 years with the promise of a secure retirement," James said. "Now that promise has been broken. SB 1049 is unjust, unconstitutional, and should be overturned by the

court. The idea of a poverty-level retirement benefit is terrifying to me."

Other plaintiffs listed in the filing are Salem firefighter Brandon Silence, a member of the Oregon State Firefighters Council; Lisa Riegel, a member of Oregon Education Association employed at Mt. Hood Community College; Roseanne Scott, a member of Service Employees International Union Local 503 who works for the Oregon Department of Human Services; Robert Martineau, a City of Portland employee and member of AFSCME Local 189; Regina Thompson, a member of Association of Engineering Employees of Oregon employed at the Oregon Department of Transportation; Emily Marx, a nurse for Multnomah County and

member of Oregon Nurses Association (ONA); Dustin Andrews, a nurse at Oregon Health and Science University and member of ONA; and Thomas Cleary, a member of the Multnomah County Prosecuting Attorney's Association employed at Multnomah County.

"The plaintiffs and all PERS members accepted a job in good faith for a salary and benefits package, did the work they promised to do, and planned their futures based on the package they agreed to accept," said Aruna Masih, lead attorney on the case for Bennett Hartman, Attorneys at Law LLP, the same firm that won billions of dollars in restored benefits by challenging similar cuts before the Ore-

Turn to Page 22

## COLLECTIVE BARGAINING

## USW members ratify new contract at Cascade Steel

Wages will rise 3.25% a year for the 280 steel workers at the McMinnville mill.

A month after members of United Steelworkers Local 8378 authorized a strike, publicly traded Schnitzer Steel improved its contract offer in a three-day last ditch round of negotiations that involved a federal mediator. The resulting three-year agreement—ratified by members Aug. 9—will raise wages 3.25% annually for the 280 workers at Schnitzer's McMinnville steel mill complex, known as Cascade Steel Rolling Mills.

"That wasn't quite what we hoped for on wages," Local 8378 President Jim Blue told the Labor Press. Union negotiators had hoped to get 3.5 percent.

Because the agreement also contained concessions, the union bargaining didn't recommend either passage or rejection. The agreement was approved with support of 61% of those voting.

"It was three hard days with the mediators," said Blue. "Some of the members in the [bargaining] committee were not happy, but it's better than contracts we've been getting."

The first pay increase is immediate, and will be retroactive to the April 1 expiration of the previous agreement. That raise comes on top of a 60-cent per hour across-the-board wage increase that workers got in return for agreeing to end production bonuses. Production bonuses used to be substantial, but a new formula in the 2016-2019 contract reduced them from thousands of dollars a year to just hundreds.

The biggest concession is an agreement that workers will pay more for insurance. Each year of the contract workers will pay an additional 1% of the premium. The contract sets a worker contribution target of 15% or 20%, depending on which plan workers choose.

The union also agreed to transition to a company-sponsored dental plan, but the company improved on its previous offer, agreeing to cover \$2,500 a year of dental work, the same as workers now get.

The company rejected union proposals to make Veterans Day a paid holiday for veterans and to lengthen paid bereavement leave to five days.

The new agreement runs through March 30, 2022.



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