

Oregon Senate passes PERS reforms in 'hardest vote of our lives'

By **TED SICKINGER**
The Oregonian

The Oregon Senate suspended its rules on Thursday to rush a vote on Democratic leaders' plan to rein in public employers' rapidly increasing pension costs.

Senate Bill 1049, sponsored by Senate President Peter Courtney and House Speaker Tina Kotek, passed 16 to 12. Sen. Betsy Johnson, D-Scappoose, voted yes.

Republican lawmakers made the difference. Three of them voted in favor of the bill, while two potential Republican "no" votes were absent. Five Democrats voted against the bill.

A House vote has not yet been scheduled.

The bill does not have any substantial impact on the pension system's \$27 billion deficit. And three quarters of the bill's projected cost savings — \$1.2 billion to \$1.8 billion in the 2021-23 budget cycle — come from extending the minimum payment schedule on the deficit by eight to 10 years.

Almost all of Thursday's floor debate, however, focused on the bill's provision to cut employee retirement benefits. The plan would redirect a portion of the retirement contributions employees currently make to a supplemental 401(k)-like savings plan. Instead, some of those contributions — 2.5 percent of pay for employees hired before August 28, 2003, and 0.75 percent for employees hired after — would go into an account that would support pension benefits.

Today, Oregon is one of only two states that doesn't require employee contributions to its pension plan. The average pension contribution in states where employees are also eligible for Social Security, as in

Oregon, is 6 percent of pay. A business-backed group has filed ballot measures that would require a 6 percent employee contribution to the pension fund.

By reducing the money going into the supplemental retirement accounts, the plan would reduce career employees' overall retirement benefits by 1 to 2 percent of pay. That might not sound like a big hit, but employees contend they are already under-

ers spent a good deal of time Thursday either apologizing for their support or explaining why they were voting no — generally so they could "keep a promise" with public employees. Several lawmakers claimed it was the hardest vote of their career and made fervent arguments against cutting employee compensation, then voted in favor saying the state cannot afford keep "kicking the can" on the pension issues.

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John Larson | president of the Oregon Education Association

paid today. They also argue the new plan could create the precedent for coming back and demanding more from employees if the pension fund's financial status deteriorates.

Public employee unions have condemned the plan as unfair and unbalanced, and criticized lawmakers after the vote.

"The Oregon Senate has voted to reduce the retirement security and compensation for educators, firefighters and all public employees," said John Larson, president of the Oregon Education Association. "These unfair and illegal reductions are a betrayal of Oregon values. The Oregon House should vote "no" to avoid another expensive and lengthy PERS lawsuit."

Many senators seemed to agree. Mindful that benefit cuts are political kryptonite in Oregon, lawmak-

ers in effect, that's exactly what the Senate voted to do: Punt on the pension problem.

Legislators voted to shortchange contributions to the system for a decade in order to generate cost savings now. It's risky. If the system's investment returns hit another rough patch, or the economy hits a downturn, the retirement system's funded status could take a major hit, which will put more upward pressure on costs.

The only lawmaker who mentioned the potential downside of that strategy was Sen. Sara Gelsler, D-Corvallis. She said previous legislatures had kicked the can on PERS, and what SB 1049 does is the same thing.

"That doesn't make any sense to me," she said. "That's how we got here in the first place."

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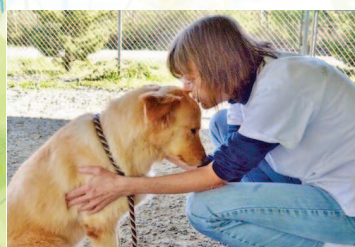
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- Seven nights in Kona & round trip airfare for 2
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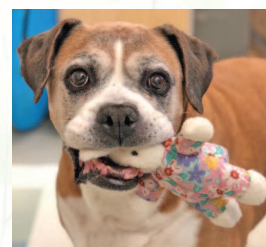
All proceeds to directly benefit the animals at the Clatsop County Animal Shelter.

Meal choices include pork tenderloin, chicken cordon bleu & stuffed summer squash (vegan).

A limited number of tickets will be sold, so DO NOT WAIT!
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For more information about this event or to host a table, contact Crissy Christian (Christian_crissy@yahoo.com) or Natalie Hannam (natahubbard@gmail.com). If you are hosting a table we will contact you for your menu choices. For more information about Clatsop Animal Assistance go to dogsncats.org



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