

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 901

STATUS: A Engrossed

SUBJECT: Allowing districts to not participate in benefit plans provided and administered by the Oregon Educators Benefit Board

GOVERNMENT UNIT AFFECTED: Department of Administrative Services – Oregon Educators Benefit Board, districts

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DATE: April 21, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES: See analysis		

EFFECTIVE DATE: On passage

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: The -6 amendment replaces the original measure. Senate Bill 901 allows a district (common school district, union high school district, and education service district) to provide or contract for benefit plans other than benefit plans provided and administered by the board if the premiums for the benefit plans provided or contracted for by the district are equal to or less than the premiums for comparable benefit plans provided and administered by the board. The measure specifies that once employees or an employee group within a district have participated in benefit plans provided and administered by OEGB, the district may not provide or contract for other benefit plans. The measure requires OEGB to perform an actuarial analysis of districts at least once every two years and requires them to do it annually if requested by a district or a labor organization representing the employees of a district.

Senate Bill 426 (2007) directed the OEGB to contract for benefit plans for most districts. A section in the bill allowed for districts to choose benefit plans that were comparable in design to, and were not more expensive than the comparable costs of, the benefit plans the district provided immediately before the purchase of the benefit plans provided by the board. Senate Bill 901 serves to make permanent the section in the bill that allows the districts to opt out of benefit plans provided and administered by the OEGB if the districts have benefit plans less than or equal to the cost of the OEGB's benefit plans and are comparable in coverage. The measure applies to districts that have not offered benefit plans provided and administered by the OEGB before the passage of this measure. The ten districts that this bill would apply to are Beaverton School District, Clackamas Education Service District, Fern Ridge School District, Glad Stone School District, High Dessert Education Service District, Sisters School District, Springfield School District, St. Paul School District, Three Rivers School District, and West-Linn/Wilsonville School District. These districts received waivers from using benefit plans provided and administered by the OEGB either because they were self-insured, they had independent health trusts, or they weren't at the end of their current collective bargaining agreements.

The fiscal impact of this measure to districts is indeterminate. The savings that districts will incur as a result of remaining with benefit plans that are less costly than the benefit plans provided and administered by the OEGB are not known and may vary by district.

There is no fiscal impact to the Department of Administrative Services – Oregon Educators Benefit Board. OEGB is currently performing annual actuarial analyses within its existing budget.