

Testimony on HB822

Outrage isn't a word I use often -- and I am generally slow to anger. But what has been proposed regarding the cola on PERS pretty much gets me there. When I was president of my local union, I negotiated contracts on behalf of Classified Employees who worked for Portland Public Schools. During the years I negotiated, and even before, we gave up raises and accepted changes to our medical benefits in order to keep our guaranteed retirement benefit in place.

Nobody mentioned that after retirement the state could come back and say, "Oops! We made a mistake. We're giving you too much money." Not that they made an error in computing any individual's benefit, but everybody's benefit was too high. And they started taking it back from not only me, but others. My monthly income dropped by about \$50 a month at that time. I recently heard from a retired teacher who just received her letter regarding the adjustment: hers "adjustment" is \$161 per month.

I recognize that the economic collapse caused by bad-behaving and crooked investment banks and others who abused our financial system resulted in unprecedented losses to the Public Employee Retirement System, as well as everybody else's investments. And, I recognize that this investment loss to PERS is posing a significant financial challenge for the state and school districts.

Which means, the state is once again saying: "We know we promised this was what you would get until you die; but, because we're short on money (even though it isn't retirees' fault), we're going to change your cola. We'll give you the two percent you've been getting on the first \$20,000, then decrease it to 1.5 percent for your income between \$20,001 and \$40,000, then again decrease it to 1 percent on income from \$40,001 to \$60,000 and one additional decrease to .25 percent on your income above \$60,000. That will help out the state."

So what I hear: Many of the people I bargained contracts for back in the 90s will still get their 2% cola. But not because the state is keeping the promise they made when these individuals retired, but because they worked in low-paying jobs and their retirement income is very near or at the poverty level (\$15,510 for a family of two). They not only worked at a low hourly rate, but they only worked for 5 or 6 hours a day, 190 days a year -- because that's all the time they were needed in the school.

Those who worked in higher-paying jobs, or worked an 8-hour day and either a 210-day year or a full year get a little higher retirement income. And what's going to happen to them? Instead of getting the full 2% they were told they would get, they will only get 2% on the first \$20,000, then 1.5% above that until they get to \$40,000 --- but very few will get to the \$40,000 level. But their medical insurance premiums, gasoline for their car, taxes on their home, I could list more, but you understand, will all keep going up.

With regard to another aspect of the bill: no longer reimbursing out-of-state PERS recipients for taxes paid on benefits. A number of these same retirees live out of state. Some lived in Washington while working in Oregon and paid Oregon state taxes. Many others moved, after retirement, to be closer to families – either for their own needs or to assist families with childcare or other needs. This change again takes away income that these individuals, already near the poverty line, need in order to survive.

These are the individuals who worked in schools, caring for children, many with special needs: changing diapers, doing tube feedings, riding the bus with unruly students, handing out meds to students who needed meds in order to stay in school, cooking the lunches, cleaning the bathrooms. And those who are still working are being affected already because of the unpaid furlough days most are expected to take. Their retirement income has been negatively affected by these furlough days.

I realize that the PERS “pot of money” as some see it, seems an easy place to find ways to fill the hole in the budget. But is it legal? Is it fair? Will it stand up in court? The change to cola has already been tested in the courts once. Is it smart to do it again? I think not. If this proposal is passed, it will be tied up in the courts and cost taxpayers millions to litigate. Given that it will be litigated, it does not save money for schools and other vital services. School districts cannot rely on any so-called savings from this proposal.

SB 822 unfairly targets seniors on a fixed income and middle-class families. I do appreciate the incredibly tough job the Oregon Legislature faces to balance the budget; however, it's time for the legislature to call upon corporations and the wealthiest Oregonians – both who have enjoyed almost all of the benefit of the economic recovery – to pay their fair share to fund schools, senior services and other vital programs.

So how do I feel about this? The state is proposing to take these guaranteed benefits away from the very people who took -- and are taking care -- of Oregon's children in our schools -- teaching, feeding, protecting them, keeping their school clean, etc. -- and individuals who keep our state running. It is an outrage and I am angered.

Thank you for your consideration.



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