



## ASSOCIATION OF OREGON FACULTIES

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740 Oakway Circle, Ashland, OR 97520

June 27, 2013

To: Senate Committee on Finance and Revenue

From: Association of Oregon Faculties

Re: SB 857 amendments – PERS Inactive Status and Cost of Living Adjustments

Chair Burdick, Vice Chair George, and members of the committee,

The Association of Oregon Faculties (AOF) is an independent, non-union based organization representing a variety of faculty from Oregon's seven public universities located throughout the state. AOF seeks to protect and improve the working conditions and fair compensation of Oregon university faculty as well as helping to ensure that the Oregon University System gets adequate funding in the state appropriations process.

AOF would like to thank the Senate Committee on Finance and Revenue for this opportunity to submit testimony on SB 857. AOF strongly believes that any modifications to the Public Employee's Retirement System need to be *legal and fair*.

Consideration of changes in benefits of inactive PERS members *will have unintended consequences for many current employees* of the Oregon University System. The Oregon University system began offering an optional (non-PERS) retirement system to employees in January, 1996. At that time faculty members were asked to make a choice of remaining in PERS or switching to the optional retirement program (ORP.) For those employees who opted for the alternative program, no additional funds were directed to their PERS accounts. Their PERS accounts were frozen with the exception of future earnings or growth based on the guaranteed rate.

The ORP came into being along with the Oregon Higher Education Efficiency Act -- passed by the 1995 legislature. OUS has been helping Oregon reduce its PERS liability for 17 years via the ORP. It would be unjust to punish OUS employees who left PERS to enroll in the ORP.

OUS employees who switched from PERS to the ORP will be unintentionally harmed by changes to inactive PERS benefits unless exemptions are allowed for such current OUS employees who switched to the ORP.

AOF asks that you consider possible consequences of harming current employees who opted out of PERS years ago. We request that any changes to inactive PERS members have no effect on current OUS ORP members who opted out of PERS. **Please oppose any amendments that would unfairly harm these hard working Oregonians.**

In addition, further downward adjustments to the COLA will unfairly hurt seniors and many living on fixed incomes by cutting retirees' cost of living adjustments. Oregon courts have already ruled that a promise is a promise and it is unfair of the legislature to place the burden of further cuts on every day Oregonians. This will likely lead to more costly litigation and may not result in any cost savings. Please consider fairer and more viable alternatives.

Sincerely,

Timothy Thompson  
Association of Oregon Faculties - President