



HB 4011 - Upgrading PERS for state hospital workers

Testimony for House Business and Labor – Juergen Kritschgau

There's nothing wrong with giving people extra money, if the state has adequate resources to do so. But we don't, especially not at PERS. The state has limited resources because of the tax structure it has chosen to keep.

Recognizing that "police and fire" employees face high risks, high stress and often have shorter careers, state law allows them to retire and begin collecting benefits sooner than general service workers, with pensions calculated at a 20% higher rate under PERS's Full Formula. However, contributions during their working years are not increased by 20%, contributing to the PERS funding problems.

Over the years, as the Legislature has responded to appeals from employee groups, this "police and fire" category has expanded beyond frontline public safety employees, contributing even more to the difficulties afflicting PERS, whose liabilities exceed its assets by \$18 billion.

The list of job classifications that may qualify for the "police and fire" designation is long. Your bill has the list beginning on line 22 of page 4. It includes teachers at youth correctional facilities, parole officers, jailers, juvenile probation officers, state building police, and others.

HB 4011 asks that you add another set of employees to Oregon's already broadly applied "police and fire" designation.

Some of the currently eligible jobs are probably less dangerous and demanding than some of the jobs at the Oregon State Hospital. However, that calls for a systematic review of the whole designation, not adding another group of employees to the benefits of earlier retirement and 20% increases in retirement pay. Perhaps you should use this bill to form a task force to study and make recommendations about the list of eligible positions

In 2012, PERS spokesman David Crosley was quoted in the Oregonian as saying that about 16,000 current and former employees who haven't yet retired qualify as "police or fire" -- about 7.4 percent of the 215,000 people eligible for PERS benefits.

We oppose adding additional employees to the "police and fire" designation at a time when PERS has virtually unsolvable liabilities. Instead the category deserves study.