

**Department of Administrative Services**  
**Statement on Impact of SB 556, SB 560, and SB 913 on the Public Employee Workforce**  
**(rate of retirements, employers' ability to recruit and retain employees)**

The Department of Administrative Services (DAS) did not provide separate preliminary analyses on SB 559, SB 560 and its proposed amendments, and SB 913. However, DAS provided the following combined statement regarding the impact of all those measures on the public employee workforce:

In earlier testimony, the PERS Director reported that previous changes to the PERS system have resulted in a spike in retirements. Although retirement is an individual decision based on many factors, it is anticipated that a greater number of employees may choose to retire before the changes take place. Some of the concepts could be expected to impact retirements more than others.

There are significant risks to unanticipated retirements within the State of Oregon workforce. Agencies have reported that between 30-50% of their workforce is retirement eligible-either due to age, or based on service credit. Replacing a significant number of employees would result in the immediate loss of institutional knowledge and business continuity, change management and training challenges, and increased risk to programs and services.

In 2012, the State of Oregon enacted legislation that mandated an employee to supervisor ratio of 11:1. This resulted in the reduction of the mid management sector of the workforce, and the natural progression through career tracks is now limited. Succession Planning activities are underway, however, an unanticipated loss of employees due to retirement would create immediate challenges.

The ability to recruit employees would be impacted by PERS changes. A \$100,000 cap on the calculation of retirement credit would initially impact recruitment and retention for classifications such as physicians, nurse practitioners, attorneys, executives, information technology professionals, engineers, and others. Over time, additional classifications would be impacted by this change.

The proposed legislation may provide less financial incentive to promote into higher level positions. A reduced benefit package could further impact the ability to compete in the labor market and potentially result in higher than anticipated employee turnover.