

Testimony on PERS 1/13/2017
Brian Gardner
Central Linn School District

Our District. 650 Learners, 14% Homeless, 16% Special Education, 50%+ Free/Reduced lunch and rated in the top 1/3rd in the State for 'performance' by Schooldigger.com

District Perspective:

- Total UAL 13.42% of Payroll
- OPSRP benefit 8.02% of Payroll
- T1/T2 benefit 13.28% of Payroll
- 6% to IAP
- Healthcare rate and UAL .86%
- -.93%
- Total District cost: T1/T2 32.2% of Payroll; OPSRP 27.87% of Payroll.
- General Fund \$7,132,835. UAL \$473,146. If I were to borrow the \$3.8 million from my local bank that is 'my share': amortised over 25 years would cost me \$281,000 a year; a \$190,000+ savings..... why is my UAL so much higher?

Individual Perspective: \$50,000 salary

- T2 1.67% x 30 years = \$25,050.00
- OPSRP 1.5% x 30 years = \$22,500
- IAP accounts for about \$15,000 additional income a year in this scenario.
- IAP elimination is a 40% cut in retirement benefits for OPSRP members.

Takeaways and Suggestions:

1. Diverting the 6% hurts employees and hurts the district in terms of not lowering our immediate costs but increasing pressure at the bargaining table.
2. Diverting the 6% does not "force the employee to contribute to their retirement, it forces them to pay for someone else's retirement".
3. With long term interest rates sub 3% and a 70 year history of 7.5% market returns; bonding/borrowing the UAL amount is something that needs to be seriously considered. This is a way to get off of all of the win/loss scenarios that are currently being floated and move to win/win solutions. Bonding the UAL puts the system on about a 20% margin, not a high risk investment portfolio; It allows employees to maintain benefits; and, it would put significant money back into the classroom.
4. If bonding the UAL is undesirable for reasons I don't understand, please allow individual government entities to 'buy their way out' of the UAL. Allow them to buy some predictability.