

**SUBCOMMITTEE RECOMMENDATION**

**SB 1049**

**Relating to public employee retirement**

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SB 1049 relates to public employee retirement and contains provisions to address system funding.

The measure changes the amortization period for select liabilities, modifies benefits, broadens retired workers ability to return to work, provides for unamortized lumpsum side account deposits, provides Individual Account member choice in selecting investment options, provides for enhanced review of local government Pension Obligation Bond issuances, and requires the PERS Board to report to the Legislature on changes to actuarial methods and assumptions. The measure makes technical changes to SB 1566 from the legislative session in 2018. The measure provides for an expedited review by the Oregon Supreme Court.

The measure includes a \$100 million General Fund appropriation and expenditure limitation and directs the transfer of Lottery Funds from sports betting games to be used as state matching funds for employer contributions into new or existing side accounts. The Department of Administrative Services is requested to unschedule \$75 million of the General Fund appropriation until employer matching funds become available.

The combined savings from the measure are expected to reduce system-wide employer contribution rates by 5.43% and reduce employer contributions by between \$1.2 to \$1.8 billion a biennium beginning with the 2021-23 biennium.

This measure makes no changes to 2019-21 adopted employer contribution rates, and the 2019-21 biennial budget assumes no savings from this measure. Savings generated during the 2019-21 biennium will be used to offset future employer contribution rates.

The measure has an emergency clause and is effective on passage; however, the measure includes various operative and sunset dates.

The Capital Construction Subcommittee recommends SB 1049 be amended by the –8 amendment and be reported out do pass, as amended.