



OREGON
EDUCATION
ASSOCIATION



June 20, 2023

To: Joint Committee On Ways and Means

Fr: The Oregon Education Association, SEIU local 503 and Oregon AFSCME

Re: Opposition to Sweeping Public Employee Benefit Board for General Fund Purposes

We cannot support SB 1049 in its proposed form based on the decision to sweep \$90 million in PEBB reserves (section 33 and 33a). Funds held in the Public Employees' Revolving Fund are based on contributions by public employees and their employers to protect against future health care cost increases in order to keep health insurance affordable. To repurpose these funds at a time when there is a severe crisis in recruitment and retention of public sector workers for general purposes is irresponsible.

Doing so would not only incur federal tax penalties upwards of 10-15% of the total, but it could also impact PEBB's ability to remain within the mandated 3.4% cap for medical inflation that resulted from SB 1067 (2017). The PEBB board has been very diligent and strategic about managing PEBB to adhere to this cap, which is why PEBB has healthy reserves. Year over year state workers have made sacrifices on wages to prioritize strong healthcare. If the legislature decides to take money from the PEBB reserves, we believe the only fair use would be to invest those dollars directly into the workforce.

On behalf of hundreds of thousands of insured lives please reconsider this ill-conceived reallocation of funds and the precedent it will set. Workers count on their contributions to health care to be used to improve the affordability and quality of benefits, not to be used for general fund purposes at a time when there are hundreds of millions of dollars in new tax breaks going to the largest corporations in the world.

Thank you for your consideration.