

Submitter: Brad Dennis  
On Behalf Of:  
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Funding  
Measure, Appointment or Topic: LC 2

You may have seen the ads on YouTube stating “Janelle Bynum is fighting to lower costs”. While her cost-cutting efforts are at a national level, we should follow her advice to “keep fighting to lower costs” at the state level. The legislature should take the lead in this effort.

Why would we consider increasing Oregon taxes when we have not first considered how to lower costs?

A few years ago, I retired from Oregon State University, where I worked in various administrative, budgetary and IT roles. In the mid 1990’s, the Oregon Legislature allowed Higher Ed to offer an alternative to PERS membership for academic and unrepresented employees. This retirement program is known as the “ORP” or optional retirement program. It is a defined contribution program, meaning the employer deposits a percentage of salary into an employee’s 401k account. I was enrolled in the ORP.

The ORP has a dramatically lower cost than PERS. A new employee making 100,000 per year, will require payments of \$33,000 per year to PERS. On the other hand, the ORP, which deposits 12% of salary into an IRA with investment companies like Fidelity or Vanguard or TIAA-CREF would have a retirement cost of \$12,000 per year for the same \$100,000 employee. This is a savings of \$20,000 per employee per year. How many new employees is ODOT expected to hire each year?

If the state is serious in their efforts to balance the budget for ODOT and all other state agencies, I suggest adopting a Defined Contribution retirement plan for all newly hired employees instead of enrolling them in PERS. Make no changes to existing PERS members. But, provide for a generous 12% retirement contribution to newly-hired employees’ IRA accounts with a contracted national investment company.

As PERS members retire and are replaced by new employees in the alternative retirement program, the savings to the State and taxpayers will be dramatic.

My second suggested to reduce costs is to revoke HB 2688. The legislature intentionally increased the costs of construction projects by extending prevailing wages to offsite manufacturing? Part of the special session should be revoking this law.

Until the legislature gets serious about lowering costs, there is no chance I will support the Governor's increased tax proposal. If you have questions on my plan, I suggest you review the information that I have provided to my state representative, Shelly Boshart Davis.