

Subject: Opposition to HB 3991

From: Brad Dennis, 8/31/2025

Raising taxes is not the only way to balance a budget. The other way is to lower costs. I'd like to suggest an idea that will lower the costs for ODOT, and all state agencies and local governments who put new employees into PERS.

In the mid 1990's, the Oregon Legislature allowed Higher Ed to offer an alternative to PERS membership. This retirement program is known as the "ORP" or Optional Retirement Program. It is a defined contribution program, meaning the employer puts a percentage of salary into an employee's 401k account. I was enrolled in the ORP for 25 years before retiring from OSU.

The ORP has a dramatically lower cost than PERS. For a new employee making \$50,000 per year, the employer will pay \$16,000 per year to PERS. On the other hand, the ORP, which deposits 12% of salary into a 401k account with an investment company like Fidelity or Vanguard would have a retirement cost of \$6,000 per year for the same employee. This is a savings of \$10,000 **per employee** per year. The savings would be greater for higher earning employees since the retirement costs are a percentage of salary.

If the state is serious in their efforts to balance the budget for ODOT and all state agencies, I suggest extending the ORP to cover all new state employees, **instead** of enrolling them in PERS. **Current employees would remain in PERS.** The ORP provides a generous 12% retirement contribution to a newly-hired employee's 401k account. I encourage you to consider an alternative to PERS, **for new employees**, so that the cost of state and lower government can be reduced.

Another way to reduce ODOT costs is to revoke HB 2688. The 2025 legislature intentionally increased the costs of construction projects by extending prevailing wages to offsite manufacturing. Please revoke this law.