



TINA KOTEK
GOVERNOR

April 17, 2024

The Honorable Rob Wagner
President of the Senate
S-201 State Capitol
Salem, OR 97301

The Honorable Julie Fahey
Speaker of the House
H-269 State Capitol
Salem, OR 97301

RE: House Bill 4045

Dear President Wagner and Speaker Fahey,

Today, I am signing House Bill 4045, which makes several changes to the Public Employee Retirement System (PERS), including the Oregon Public Service Retirement Plan (OPSRP). The decision to sign this bill into law comes with concerns. In short, I ask that the Legislature have a moratorium on any substantive benefit changes to PERS for the foreseeable future, pending analysis of the existing police and fire category, which is explained in more detail below.

This bill creates a new “hazardous position” classification within the OPSRP pension plan, with higher benefit multipliers and earlier retirement age eligibility than general service members. Hazardous position will be defined as “as a position that does not meet the definition of a qualified public safety employee under section 72(t)(10)(B) of the Internal Revenue Code, but that: (A) Requires the person holding the position to work with or manage emergency or traumatic events in the regular course of work; or (B) Carries a high risk of physical harm.” Further, the bill is currently limited to “Employees of the Oregon State Hospital who have direct contact with patients” and telecommunicators, which is clearly defined in statute and includes 911 emergency dispatchers.

While I support the creation of a new hazardous position classification within the OPSRP plan, more analysis is warranted to identify how the creation of this classification can meet the needs of the public employee workforce before any additional positions are added to this new classification. It is critical that Oregon’s public sector workforce stay competitive to attract and retain employees to provide essential services to Oregonians, and we must also make sure that any additions to this classification clearly achieve this goal.

Providing transparent, predictable, and stable employer contribution rates that are actuarial sufficient is fundamental to the effectiveness of the OPSRP plan. OPSRP covers the overwhelming majority of the current public workforce. Fully understanding both workforce needs and the normal cost rate for this new classification will require deliberate and purposeful consideration. For this reason, I strongly urge the Legislature to partner with a wide variety of constituencies, the PERS Board, and my office before pursuing any future changes.

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This bill also adds forensic scientists and evidence technicians employed by the Oregon State Police to police and fire (P&F) benefits under PERS Tier 1, Tier 2, and to OPSRP plans. I value the work of these dedicated employees and recognize the traumatic events they experience in the course of their work. That said, I would like to partner with the Legislature to consider placing these employees in the hazardous position category and once more assure that a broader conversation occurs when contemplating additions to the police and fire classification. The new hazardous position classification recognizes the unique needs of workers who can experience trauma and risk in the ordinary course of their jobs. And, there needs to be a separate classification for police and fire consistent with the unpredictable and dangerous emergency nature of that work.

I would also like to address some of the concerns with implementing the changes specified in the bill. With an effective date of January 1, 2025, for the change in age for OPSRP police and fire eligibility, PERS will need to administer this change using manual retirement calculations while business and IT resources continue to complete ongoing work from previous changes made to the system. Manual calculations not only carry a risk of error, but they are also time consuming and expensive, and a delay in implementation of this law by one year could have avoided this from occurring.

As you know, PERS is also in the process of a modernization program which is necessary for PERS to meet member and employer needs into the future. This updated service delivery system will not only improve customer service, but it will also provide a platform which can be modified in an efficient and cost-effective manner to reflect incoming needs. These changes are required for all administrative functions, including the new hazardous position classification. There are changes required for all aspects of employer data reporting as well as PERS employer reporting, financial and actuarial calculations, benefit eligibility, benefit calculations, and member reporting (member annual statements). Functionality needs to be built out to enable PERS to do this in as automated a fashion as possible. Even with an effective date of the hazardous position of January 1, 2030, please be aware that there could still be impacts to the modernization project while PERS also maintains the critical services it provides.

In closing, I value the work done by our public servants each and every day and will continue to be a strong supporter of retirement security for those who serve the people of Oregon.

Sincerely,



Governor Tina Kotek