A Member's Union
OSEA
AFT Local 6732

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Chair Taylor and Members of the Committee:

My name is Tyler Shipman I am a government relations specialist with the Oregon School Employees Association (OSEA). Our association represents over 21,000 education employees across the state, including K-12 public schools, education service districts (ESDs), community colleges, Head Starts, park and recreation districts and libraries. I am appearing today on behalf of OSEA to speak in opposition of Senate Bill (SB) 913.

SB 913 makes several changes to the current Public Employees Retirement System (PERS). The proposed changes would reduce public employee retirement benefits to an unlivable amount. OSEA members have an average salary of only $24,133.61 per year. Using the provided average calculation from the Public Employee Retirement System (PERS) website, an employee earning this average salary and who is a member of the Oregon Public Service Retirement Plan (OPSRP), with 30 years of service, would receive a benefit of approximately $905 a month. Our members are barely making ends meet while working and these changes will only push future retirees further into poverty.

Section 3 of this bill would increase the age of retirement to 67 for non-police and -fire OPSRP members. This is a two year increase on the current retirement age of 65 and takes the retirement age two years beyond the qualifying age for Medicare. Many of our members work in classrooms as educational assistants. These jobs can be physically demanding as our members work to meet the needs of their students instructionally, emotionally and physically. The nature of our members' work is changing as the demands of the job continue to change and increase with time. Our members work with some of our most fragile and vulnerable students. A large percentage of our members work with special needs students who have unpredictable behaviors and already suffer injuries while on the job. By increasing the retirement age, it also increases the exposure and likelihood that our members could be hurt while on the job. OSEA does not believe our members should have to be required to work two additional years and incur additional physical risk in order for Oregon to resolve its PERS problem.

Section 6 of this legislation would stop the employer contribution to the Individual Account Program (IAP). Currently most districts contribute 6 percent towards the IAP account for members. Preventing districts from contributing to the IAP is a 6 percent reduction in benefits for our members. Our members' low wages prevent them from supplementing this reduction in their retirement with other saving options.

Section 8 creates a new retirement account for each active PERS member and diverts the employee contribution to this account. The account is credited annually for actual earnings and losses which are applied to the pension costs or other retirement benefits payable to that member. If the account exceeds the cost of the pension, then the member will be refunded the excess amount. This change removes the guaranteed annual earnings that tier 1 members currently receive. Our members have counted on the guaranteed earnings of their account and this change could reduce their ending retirement benefit.

Sections 19 through 21 would change the Final Average Salary (FAS) calculation from three years to five for Tier 1, Tier 2 and OPSRP members. The existing accumulated sick leave provision would also be made consistent with the five year FAS calculation provisions. These changes to the FAS calculation would adversely impact our members because the five year average would significantly reduce our members' retirement benefit from the current calculation that is in place. The combination of changing the FAS from three to five years and redirecting the employee contribution to a new account would decrease retirement benefits 30-40 percent. This is simply unacceptable.

SB 913 reduces retirement benefits an inexcusable amount. Our members have worked their careers in education with the promise of a retirement benefit that is livable. SB 913 not only breaks the promise that our state has made to its public employees, but it denies our members any security that allows them to live their retirement years with any form of financial stability. Our state needs to do better by our employees. The discussion of reducing employee benefits should only occur when every other option has been exhausted. I fail to believe that the changes proposed by this bill are necessary when Oregon still has one of the lowest corporate income taxes in the nation. The only thing that has been exhausted is all the ways the state has tried to manipulate its public retirement system so its recipients are the ones who pay for the shortcomings of PERS. OSEA humbly requests that you consider other methods of solving this PERS dilemma without reducing the benefits our members were promised and have worked so hard for over their careers.

Tyler Shipman
OSEA Government Relations Specialist