



Oregon School Employees Association

www.osea.org

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March 2, 2023

House Committee on Emergency Management, General Government and Veterans
Representative Dacia Grayber, Chair

Re: Testimony in Opposition to HB 2601, as introduced

Chair Grayber and Members of the House Committee General Government and Emergency
Preparedness

On behalf of the over 23,000 current and retired members of OSEA who support all 36 Oregon counties in nearly all levels of Oregon public education, including Head Start programs, K-12 school districts, education service districts, special districts like parks and rec, and community colleges, thank you for the opportunity to testify in opposition to HB 2601 as it is currently written.

As you know, classified employees are a key group of frontline education and care-providers whose services support Oregon's students, including some of our most economically and medically fragile students.

Classified employees represent the most diverse component in the professional public education workforce, representing racial, cultural, language, age and geographic diversity. The average wages are between \$20-30,000, annually, which is notably lower than the average annual PERS benefit Oregon State Treasurer, Tobias Read identified as \$33,550 in his letter of concern, dated January 18, 2023.

Additionally, the vast majority of our members have been in service well over five years, and many remain beyond twenty. When they finally retire, they are on fixed incomes and most do not have the resources, nor the comfort to risk their ability to retain their homes and meet their basic needs.

While we recognize the very real need to implement meaningful sustainable practices that manage Oregon's resources in the state trust, Treasurer Read's 1/18 letter goes on to indicate that "...Statutorily limiting the investment opportunities of the Oregon Public Employees Retirement Fund (OPERF) – no matter how well-intentioned – will lead to lower returns, higher employer rates, and a less robust retirement for thousands of Oregonians."

*The Oregon School Employees Association (OSEA) is an affiliate of
the American Federation of Teachers (AFT) and the AFL-CIO.*





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In this time of economic concern and high inflation, we find HB 2601 states that the implementation of the bill shall begin in June of 2023. We do not believe that this timeline fully considers the economic fragility of PERS retirees who have invested their best skills and efforts in Oregon's future. In navigating a transition to a less carbon-based portfolio, we would expect a more gradual and prudent transition that best mitigates reduction in portfolio performance.

We strongly believe that Oregon should honor those investments by fully leveraging our State' portfolio to maximize the contribution from the portfolio into OPERF, which minimizes the additional unfunded liability from the State and the employee. The risk that HB 2601 means that there will be less money for the state to invest in a quality education for all students, and other vital state services.

The existing state law directs investment for the sole benefit of OPERF beneficiaries. We are also concerned about endangering OPERF's tax exempt status, as Treasurer Read has indicated this bill would. Fundamentally, we believe that honoring Oregon's beneficiaries' trust in our stewardship of their personal retirement dollars is of critical importance.

Thank you for the opportunity to submit testimony.

Sincerely,

Susan Allen
OSEA Government Relations Specialist

