



**Testimony Before House Committee on Emergency Management, General Government, and Veterans
In Opposition to HB 4045**

*Presented by: Hasina Wittenberg, Special Districts Association of Oregon & Oregon Fire District Director's Association
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Members of the committee, thank you for the opportunity to participate today and share our concerns as outlined in the following testimony on behalf of SDAO and OFDDA in opposition to HB 4045. The Special Districts Association of Oregon's (SDAO) membership consists of approximately 950 members statewide, and rural fire protection districts are the largest type of special district belonging to our association (approximately 250 of the 950 special districts). The Oregon Fire District Directors Association's (OFDDA) membership represents the elected officials (roughly 800 fire district director board members) of around 160 rural fire protection districts. Almost one-third of our members are PERS participating employers.

Section 4 of HB 4045 lowers the normal retirement age for OPSRP P&F members from 60 years of age to 55 years of age. Although we recognize that some people are disproportionately impacted in physical ways because of their duty to our state and communities, SDAO and OFDDA have not seen the objectively evaluated fiscal impact information outlining the additional costs employers would be required to pay for this increased retirement benefit but expect it to amount to nearly or over one percent of PERS covered payroll. We are obligated to balance public policy with fiscal reality. Government costs continue to rise on an annual basis and most of that cost is due to increased personnel costs; in this case the rise will be due to increased benefits that will once again be funded by employers. Special districts are single service providers and do not have the ability to shift costs by rearranging funds between different services. Unlike other types of local governments (cities and counties) districts don't have the opportunity, when faced with paying for additional costs, to cut or reduce services in other areas (e.g. cut libraries or parks to fund public safety). Instead, districts simply must reduce services (make cuts) or figure how to increase revenue.

In 2003 when PERS legislation passed creating OPSRP there was a recognition that Tier 1 and Tier 2 benefits were unsustainable. This led to the creation of reduced benefits under OPSRP that outlined the following:

- Tier One & Two-P&F Age 55 or age 50 with 25 years of service
- OPSRP-P&F Age 60 or age 53 with 25 years of service

The creation of OPSRP was a result of difficult conversations and negotiations that were necessary to ensure that the retirement system, which was unsustainable and nearly bankrupt, was able to provide secure retirement benefits for public servants in the future. Insights and knowledge gained from PERS reform efforts are important to recognize when considering additional system changes. HB 4045 significantly reduces the retirement age from 60 to 55 for P&F OPSRP members without having had the benefit of discussing the merits and how this will solve workforce shortage challenges. In addition to PERS early retirement benefits, firefighters are also given workers compensation “presumptions” for heart/lung, cancer, and PTSD.

We share a commitment to take care of our lifesaving professionals. We sincerely hope the committee will discuss and gather additional information regarding the reemployment of firefighters who may retire and return to PERS covered positions. A potential unanswered question is whether reducing the retirement age could encourage the increased use of “double dipping.” If employees retire and then return to work, it seems as though a workforce development argument may be counterproductive under the provisions of HB 4045.

While there are challenges in hiring qualified candidates within the fire service, we hope the committee will consider if a reduction in retirement age will encourage more individuals to apply for fire service jobs or result in current fire service professionals to leave employment sooner.

There are over two dozen categories of employees in the current P&F statute (e.g. livestock police, OLCC inspectors, Lottery Commission enforcement agents). The increased benefit in HB 4045 that provides reduced retirement ages under OPSRP will benefit all twenty-six categories of employees. We hope the committee discusses the policy implications and/or workforce development issues for the full category of P&F employees.

In closing, we believe that public servants deserve robust pay and benefits, excellent health care, and solid retirement. However, we are concerned that HB 4045 risks making the entire system insolvent through the unanticipated consequences via well intentioned policy. We need more data, more time, and more discussion before moving forward. The risk to our dedicated public servants deserves more than a quick nod and speedy vote. Thank you for the opportunity to submit this testimony in opposition to HB 4045.