

March 7, 2025

Senate Committee on Labor and Business
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

Dear Chair Taylor and members of the Committee,

Thank you for the opportunity to share our concerns about SB 847-1, which aims to change the program that provides health insurance coverage to PERS retirees who are not yet covered by Medicare.

While we appreciate the changes made to the bill through the –1 amendments, the City of Gresham remains opposed to the bill. As this committee knows, local governments have limited revenue sources and our largest source of revenue – the property tax – limits annual growth, putting consistent pressure on local governments to contain costs. Gresham has done so, making significant and difficult cuts to services and personnel.

Changes being made and proposed by the legislature to the PERS system, alongside positive changes to PERS that are being rolled back, are exacerbating our budget challenges and further straining budgets, at the same time when revenues are flat or decreasing.

The cumulative changes made to the PERS system will result in Gresham’s PERS rates increasing 25 percent starting in July. That results in a \$6 million increase in City contributions, at a time when the city already faces a multimillion-dollar budget deficit. This is on top of the \$3 million additional PERS bond payments the city is making this year.

Local governments across Oregon are facing these same challenges, which will likely result in the loss of jobs throughout the state. This is not the time to add to these woes through measures like SB 847-1. The legislature had previously taken positive steps to alleviate PERS liabilities. Proposed changes to PERS that increase employer liabilities, like those in SB 847-1, accumulate and will have immediate and long last impacts. They will result in further financial challenges to our retirement system and the need for future reforms all over again.

We urge your opposition to SB 847-1.

Sincerely,

Eric Schmidt
City Manager