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EXECUTIVE DIRECTOR Emielle Nischik INTERIM DEPUTY EXECUTIVE DIRECTOR AND CHIEF LEGAL OFFICER Haley Percell TO: House Committee on Labor and Workplace Standards FROM: Stacy Michaelson, Director of Government Relations & Communications DATE: April 18, 2025 RE: SB 847

Chair Grayber, Vice-Chairs Elmer and Muñoz, Members of the Committee:

Thank you for the opportunity to provide public comment and express concerns about SB 847 on behalf of Oregon's locally elected education governing bodies.

OSBA members are responsible for approving the budgets of Oregon's 197 school districts, 19 ESDs, and community colleges and our members take this role very seriously. Likewise, they know that a robust compensation and benefits plan is key to staff recruitment and retention. When bills like SB 847 come up, they put us in a difficult position.

On the one hand, the policy discussion about extending health coverage to OPSRP members and increasing the RHIA subsidy make sense. We know that health coverage is increasingly expensive. The knowledge that there will be support in meeting those costs during retirement makes it more attractive to work for a PERS employer, which helps us recruit and retain quality staff. Our understanding is that the RHIA subsidy has not been increased since the program began in 1988. From that perspective, an increase is likely needed after nearly 40 years.

On the other hand, we are concerned about the potential cost to local school districts. The fiscal analysis on this bill indicates that employer contributions could increase by 0.04% - 0.28% of PERS-eligible payroll costs. While the percentage may be small, this comes on top of significant PERS rate increases faced by districts in the current biennium (as high as 16%), and the knowledge that rates will increase even more for many districts in 2027-29 when their side accounts expire.

Our concern therefore is that SB 847, while well-intended and good policy even, amounts to an unfunded mandate that will increase local education costs. At a time when our education agencies are facing such tight budgets, we ask you to please not move SB 847 forward without adequate funding.

Thank you.