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House Majority Leader
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Re: Fair PERS Reform Plan

June 23, 2016

Dear Legislative Leaders,

Oregon faces a PERS crisis. Absent quick and decisive action, state and local governments are facing a \$1 billion increase in PERS costs in the 2017-19 biennium that could result in fewer teachers and school days, larger class sizes, and inability to fully fund other critical government services. We desperately need fair, constitutional PERS reforms that reduce costs and ensure the long-term stability of the system to protect retirees. Oregon needs your leadership to fix PERS. It is time to work together on a bipartisan solution that will protect our schools.

According to Legislative Counsel, the recent *Moro* case allows prospective changes to all PERS tiers as long as accrued benefits are protected.¹ This opens up a diverse menu of PERS reform options with significant potential savings. In order to protect Oregon schools and preserve educational opportunities for our children, I ask that we work together on a bipartisan coalition to pass fair, constitutional PERS reforms in 2017 that will produce savings similar to the \$5 billion overturned in *Moro*. To start the conversation, I have attached the Fair PERS Reform Plan, a legal opinion from Legislative Counsel explaining the likely constitutionality of several PERS reforms, and a letter from PERS' actuaries outlining the expected cost savings for various proposals.

Sincerely,

Ted Ferrioli
Senate Republican Leader

¹ Legislative Counsel, *Letter to Senator Ted Ferrioli, LC 4281, Re: Moro v. State of Oregon and changes to the Public Employees Retirement System*, page 2 (May 14, 2015).