

School Board Support for PERS Reform (SB754)

POLICY ISSUE / SITUATION:

The Beaverton School Board included PERS Reform in the 2013 Legislative Agenda:

Beaverton supports legislation that would reform the Public Employees Retirement System, (PERS) to become a sustainable system for school districts and employees.

This resolution supports the OSBA bill for PERS Reform (SB754) with three modifications:

1. A stepped implementation of the Annuity Change to avoid a rush of employee retirement upon implementation of the reform
2. No change to including sick leave in the final average salary calculation to avoid increased substitute costs and a rush of employee retirement upon implementation of the reform
3. Add an additional reform to eliminate money match for inactive PERS members

RECOMMENDATION:

(13-274) It is recommended the School Board approve Resolution 13-274 PERS Reform Senate Bill 754 (2013) Support.

The Beaverton School District recognizes the diversity and worth of all individuals and groups. It is the policy of the Beaverton School District that there will be no discrimination or harassment of individuals or groups based on race, color, religion, gender, sexual orientation, gender identity, gender expression, national origin, marital status, age, veterans' status, genetic information or disability in any educational programs, activities or employment.

BEAVERTON SCHOOL DISTRICT BOARD OF DIRECTORS
Senate Bill 754 (2013) Support
Resolution 13-274

WHEREAS, the Beaverton School District is a public employer within the State of Oregon, and as such is a covered employer for the purposes of participating in the Public Employees Retirement System (PERS); and

WHEREAS, the Beaverton School District will face a cost increase beginning July 1, 2013 related to PERS; and

WHEREAS, the Beaverton School District PERS rates will increase from 18.82% percent of payroll to 26.52% percent of payroll on July 1, 2013; and

WHEREAS, without action by the 77th Session of the Oregon Legislative Assembly to enact meaningful modifications to PERS, the cost increases to the Beaverton School District for the 2013 – 2014 school year will be \$12 million; and

WHEREAS, the Beaverton School District will need to make further budgetary reductions such as increasing class sizes, eliminating programs, reducing staff or eliminating instructional days to cover the costs of the proposed PERS rate increases; and

WHEREAS, the Oregon School Boards Association has drafted Senate Bill 754 and placed it for consideration before the 77th Session of the Oregon Legislative Assembly; and

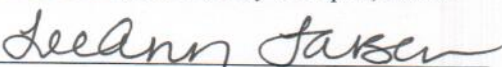
WHEREAS, Senate Bill 754 will modify PERS to reduce costs to all PERS-covered public employers and will provide public employees and retirees with an adequate and stable retirement benefit; and

WHEREAS, outside expert legal counsel has issued an opinion that states that all the provisions of Senate Bill 754 are legal and within the legislature's power to adopt and would neither breach nor impair the PERS contract; and

WHEREAS, PERS' own actuary, Milliman, has completed an actuarial analysis of Senate Bill 754 and indicates that, as proposed, Senate Bill 754 would reduce employer's costs across the entire PERS system for the 2013 – 2015 biennium in excess of \$1 billion; and

NOW, THEREFORE, BE IT RESOLVED, that the Beaverton School District Board of Directors strongly encourages the members of the 77th Session of the Oregon Legislative Assembly to enact the provisions of Senate Bill 754 with three modifications: a stepped implementation of the Annuity Change to 6%, include sick leave in the final average salary calculation, and eliminate money match for inactive PERS members.

ADOPTED, this 9th day of April, 2013.



LeeAnn Larsen, School Board Chair



Jeff Rose, Superintendent