

Today's Oregon Supreme Court decision was a huge victory for educators, firefighters, nurses, police officers and thousands of other front-line public workers in Oregon. The *Moro* decision provides the final legal word on this issue: backing out of contracts with workers is simply not acceptable. Now it's time to have a meaningful conversation about real economic solutions that will help us build a better Oregon.

## More details: understanding today's decision

- Today the Supreme Court reaffirmed that the state must fulfill its contractual pension promises made to front-line workers and retirees.
  - Front-line workers who have devoted their careers to providing Oregonians with vital services such as educating our kids, caring for the elderly, and keeping our streets safe shouldn't have the rug pulled out from under them in their golden years.
  - This Supreme Court decision is complex, but mostly holds that the state cannot go back on its contract promises for accrued benefits to active members and retirees. The issue of overhauling PERS should now be put to rest in the legislature.
  - Vital services are just that: vital. When the legislature makes us choose one over the other, everyone loses. We hope our state's elected officials seize this opportunity to begin a serious dialog about finding economic solutions that will help all Oregonians, not just a few.
- 

## FAQ

### **What is the background of this case?**

In 2013, Oregon lawmakers made changes to PERS that would have impacted all current and future PERS retirees.

During the regular 2013 legislative session, the legislature passed Senate Bill 822 which lowered the amount of the cost-of-living adjustment (COLA) payable to PERS benefit recipients as of August 1, 2013, and in subsequent years. The bill also eliminated SB 656 and HB 3349 benefits referred to by PERS as "tax remedy" benefits for recipients who do not pay Oregon state income taxes because they do not reside in Oregon.

Legislators reconvened in the fall of 2013 for a special session to pass a series of bills (aka the "Grand Bargain"). This included Senate Bill 861, which added further cuts to COLAs for current and future retirees – including low wage workers and low income seniors.

With these changes, Oregon educators, front-line workers and retirees would have fallen farther and farther behind as inflation drove up the cost of groceries, medical bills, car repairs, and other day-to-day living expenses.

### **What does the Oregon Supreme Court decision mean?**

The Oregon Supreme Court ruled that SB822 and SB861 are mostly unconstitutional, and that retirees will receive the full PERS benefits as outlined in their collective bargaining agreements.

### **What impact will this have on the state and local budgets?**

We knew that when the legislature made these cuts to PERS in 2013 there would be long-term budgetary impacts. Fortunately, the Court's decision will have no impact on the 2015-2017 state budget as PERS contribution rates have already been set. This will impact future budgets, but the amount will not be known until PERS considers all factors—including 2015 earnings—which will impact those rates.

### **Does this decision mean that there will need to be cuts to K-12 and other vital services?**

No, the PERS board will set rates based on a variety of factors and those rates will be part of the budget setting process by future legislators. In addition, legislators have choices about how to balance the budget. For instance, Oregon continues to carry the lowest corporate tax burden of any state in the nation; meanwhile, we're pitting one vital service against another. Rather than choosing between kids and seniors, legislators should consider smarter strategies to invest in, and build, a better Oregon

### **What's next?**

Two recent Oregon Supreme Court decisions have ruled that the state cannot go back on the agreement it struck with public workers and retirees. Both *Moro et. al. v. State of Oregon et. al.* and its 2003 decision in *Strunk v. Public Employee Retirement Board* protected employees' contract rights. Our hope is that today's decision will put the PERS issue to rest with the Oregon legislature once and for all.