

Last week K-12 districts, community colleges and ESDs across the state received letters from the Oregon School Employees Association (OSEA) demanding to bargain over the impacts of the changes resulting from Senate Bill 1049 (SB 1049). The bill's intent is to reduce PERS costs to public agencies and restore the PERS fund to whole. Some of the bill's highlights are as follows:

- Reallocation of a portion of employees' 6% monthly PERS contribution for employees whose salary is over \$2,500 a month.
- The reallocation of the contribution money will be deposited into a new Employee Pension Stability Account (EPSA).
- Tier One and Tier Two employees will have 2.5% redirected to the EPSA and 3.5% continue to their IAP accounts.
- OPSRP employees will have .75% redirected to the EPSA account and 5.25% continue to their IAP accounts.
- Redirected funds to the EPSA account will be applied to partially fund employees' pension benefits at retirement.
- The funds will be redirected to the EPSA until PERS is 90% funded.
- Once PERS is 90% funded, the redirection of employees' contributions will cease and once again the full 6% will be directed to members IAP accounts.
- The redirection of funds begins July 1, 2020.

OSEA contends that the redirection of their bargaining unit members' PERS contributions, once the money enters the PERS system, will result in some members losing retirement benefits. The union therefore holds that it has the right to demand to negotiate over the legislation's impacts.

SB 1049 does not change any currently existing benefits paid by a public employer on their employees' behalf nor does it change any employer-paid retirement benefit in an existing collective bargaining agreement. (Districts, community colleges and ESDs may want to have their labor advocate review their current contract language if they believe there is any current contract language that specifically addresses how the employees' 6% contribution is directed once it is received by PERS).

While it is possible the new legislation will impact employees' retirement benefits, the employer's obligation has not changed for K-12 districts, community colleges, and ESDs to pay the 6% contribution either as a payroll deduction or a pick-up on the employees' behalf. Implementation of SB 1049 does not require any unilateral change in a mandatory subject of bargaining by the employer. The new legislation mandates a redirection of employees' contributions after the monies are received and accounted for within the PERS system. The redirection of employees' contributions does not begin until July 1, 2020. Consequently, OSBA's position is districts do not have a legal obligation or duty to bargain over this subject during the term of the collective bargaining agreement. Districts are not required to open their contracts to renegotiate any current contract terms.

The demand to bargain letters sent by OSEA do require a response within 14 days from the date of the letter. This [link](#) will take you to a sample response letter.

This guidance will be updated early next week with details on how to respond to bargaining proposals if the district, community college, or ESD is currently in labor negotiations or will be negotiating re-openers or successor agreements in the future.
