

Solutions that would affect Current PERS Member

(Current PERS employees)

3. View each employee's compensation as a total cost of the employment, and bring it in line with comparable compensation packages in the private sector.

A recent Oregon Employment Department report stated the following:

“In the second quarter of 2009 the average cost of total compensation for all private employment was \$27.42 per hour ... compared to \$39.66 for state and local government employees (statistics are not available for federal employment). In general, state and local employees across the nation tend to have higher wages and benefits than private employees.”

[<http://www.qualityinfo.org/olmisi/ArticleReader?itemid=00006781>]

The report went on to say that as of September 2009, there were 77,300 workers employed by the State of Oregon. Without wanting to appear too simplistic, a \$12.24 average disparity between public and private workers' hourly wages would equal nearly \$950 million of higher costs PER HOUR.

Since the State of Oregon is the only state in the USA that pays 100% of the \$1,100+ average monthly medical/dental/vision benefit costs for its workers, maybe it would be **worthwhile for the Legislature to require State workers to pay 20% of those health benefit costs and use the \$200 million per year (\$400 Million in the next biennial State Budget) in savings to help offset the future increases in PERS costs.**

In other words, although it is an over-simplification, by using simple arithmetic (20% of \$1,100 per month health care costs multiplied by 12 months multiplied by 77,300) we calculate a savings of \$204 million per year (\$408 Million in the next biennial State Budget).

With a 60% increase (\$495 million) in PERS costs in 2011-13, would it not seem appropriate for PERS employees to help offset some of the additional PERS burden by contributing only 20% of their health benefit costs?