

Solutions that would affect FUTURE PERS MEMBERS (new employees.)

8. Reduce size and costs of PERS and State Government by attrition and promote private sector jobs by contracting with private companies to provide services currently provided by PERS workers.

Once again, I begin with the recent Oregon Employment Department report that stated:

“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>]

Whether the average disparity between public and private workers' hourly wages is \$12 or \$10 or \$6, when you add the substantially higher pay scale to the \$1,100 per month of employer provided health benefits and the higher-than-normal employer provided retirement benefits, vacation days, sick days, bereavement days, personal days, family leave days, comp. time, etc., etc., it becomes obvious the costs of maintaining 70,300 state workers is much greater than would be incurred by out-sourcing to the private sector many positions currently filled by State employees.

A special governor's commission could be organized to evaluate where it would make financial sense to lessen State competition with the private sector. Suggested areas for evaluation might include: State liquor stores (OLCC), providing job counseling and referrals (State Employment Offices), finding and administering adoptions (DHS-CAF), prisons, managing and archiving computer networks (State Data Center), managing and providing cars to state workers (State Motor Pool), administering health plans for state workers (PEBB), administering health plans for teachers (OEBC), administering the new PERS Tier 4 retirement plan, collecting the State's delinquent accounts, as well as any other function currently being provided by State employees that competes with jobs and services provided by private businesses. If out-sourcing to private enterprise were to actually take place, lost State positions should be attributed to PERS retirements and usually attrition, whenever possible.

Millions of dollars could be saved by starting with a state worker reduction goal of 20% over next two biennia (2011-15), then 20% more for the following two biennia (2015-19). Since Oregon's revenues primarily come from private sector individual and corporate income taxes, the reduction in the State's personnel-related costs would be freed up to pay down the State's portion of the PERS UAL.

As an example to other states in similar budget crises, N.J. Governor Christie has requested a special commission with goal of eliminating 2,000 high paid positions in State government without triggering the usual “musical-chairs” shifting of union workers based on seniority.