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GILSTRAP Zoanne M

From: BIEDA Tony S
Sent: Tuesday, July 15, 2003 9:53 AM
To: GILSTRAP Zoanne M
Subject: FW: PERS Savings vs. shared revenue

To: The Honorable Ted Kulongoski, Governor
The Honorable Tim Knopp, Chair, House PERS Committee
The Honorable Tony Corcoran, Chair, Senate General Government Committee

From: Mayor of Eugene, Mayor of Corvallis, Mayor of Portland, Mayor of Roseburg, etc
County Commissioners: Lane County, Multnomah, etc.

Topic: PERS Reform & Keeping Trust with Local Government

Dear Sirs:

We write on a matter of great urgency: the possible reduction in shared revenues from the state to cities and counties through anticipation of PERS reform savings to local governments. While we acknowledge that Oregon is facing desperate times, and there is temptation to consider drastic measures, we simply ask that you remove this desperate idea from the table quickly and completely. Reducing shared revenues with cities and counties fails to honor the partnership and trust between state and local government; it deepens the cuts and hardships that will be faced by our shared constituents; and it devalues the collaborative, bi-partisan, bi-cameral achievement of significant PERS reform coming out of the 2003 regular session.

One of the primary drivers of the cost for government in Oregon in the last decade has been rate hikes imposed by the State's Public Employee Retirement System. The cost of PERS has forced cities, counties and schools districts - along with the state - to forgo meeting many other needs in order to fund retirement benefits. Cities and counties took the lead in '99, '01, '02 and this year to mitigate those costs by developing, sponsoring and fighting for reform legislation. We financed and initiated lawsuits to ensure judicial review of PERS Board decisions. And we re-financed hundreds of millions of dollars in unfunded PERS liabilities with low-interest bonds, using up borrowing capacity that could better be used to upgrade local infrastructure and service delivery systems.

Only in the recent past, after the issue gained profile in the '02 election cycle, did both chambers of the legislature and the executive branch took up the cause of serious PERS reform. We were glad to have you join the coalition, and we appreciated your diligence and leadership in keeping the legislature focused on appropriate solutions.

However, never in the course of those deliberations was the idea of revenue sharing offsets laid on the table. It would have made no sense for cities and counties to deliver substantial lobby resources for PERS reform if the net effect would have been to suffer a comparable loss in shared revenues. The aggravation and displacement of our employees and organized labor partners alone would have made such a proposition too costly and unacceptable.

Instead, we participated and cooperated on the basis that all of the upside and downside considerations controlled by our partners - the Legislature and the Governor - were on the table from the beginning. It is with chagrin we now discover that may not have been the case.

Through the ebb and flow of the budget discussions, counties and cities have offered support for numerous revenue and cost-containment options. We have provided political cover and endorsement for tax adjustments that come with a political price - one to be paid locally. Clearly, we ask that you withdraw the revenue sharing cut idea from the standing of partners who are willing to help you succeed with other, more honorable options.

In total, Oregon's political leadership has demonstrated resiliency and courage in making difficult decisions during tough times. We ask that you not tarnish that legacy of achievement by grabbing resources from the partners who contributed mightily to that achievement.

Sincerely,

Mayors	**Litigant Cities**
Commissioners	**Litigant Counties**

CC: Speaker Minnis, President Courtney, Senate Leaders Brown and Clarno, House Leader Kafoury