

Testimony on HB 1040

By

Sparb Collins

Madame Chair, members of the committee, my name is Sparb Collins. I am a retiree in the PERS retirement plan. My concerns with HB 1040 are:

1. The bill will put the PERS fund on an accelerated path to exhausting its assets, thereby creating a large financial debt for the state, unless the state substantially increases its contributions.
2. The bill provides for increased contributions beginning in the 2025-27 biennium of several hundred million dollars a biennium and going forward for biennium's to come. As the past decade demonstrates and even this biennium the state has been unable to pay into the fund the additional contributions to get the plan on track to 100% under the status quo. If the past decade and this biennium are predicative of the future, the state will not be able to pay the needed higher contributions going forward.
3. If the state is not able to pay these higher contributions going forward, this could create a situation where the PERS fund becomes exhausted and unable to pay retirement benefits.
4. While it likely that provisions of state law would require the state to pay the retirement benefits out of the general fund or other funds, it is not automatic and may require a review by the district court and supreme court. Further, while such a review is taking place there could be an interruption in benefits which would be devastating for retirees.
5. If such a review is required who would pay for the expensive legal costs to ensure the retirement benefits are paid?
6. Actuaries have determined the total cost of these additional contributions is in the billions.
7. The above is supported by two actuarial reviews that show the same direction in costs and there is no other quantified or qualified study to contradict these conclusions. However there is intuitive feelings that the actuaries are wrong similar to those of the last decade when additional contributions were not paid contributing to the size of the unfunded liability we have today.

In recognition of the above it seems reasonable that the state should build back the PERS fund first to secure PERS retirement benefits, not destabilize the plan making its future totally contingent on the state paying higher contributions and not start a new program that may create a large financial debt for state until PERS is back to 100%. **Consequently, I believe HB 1040 should not be passed and I would request that you give it a Do Not Pass recommendation.**

Thank you for providing me this opportunity to submit my testimony and please know how important the integrity and funding of this program is for all of us PERS retirees.