



Why PERS court ruling is Oregon's new nightmare

Justices of the Oregon Supreme Court

The Oregon Supreme Court on Thursday overturned a controversial change to the state retirement system that lawmakers made in 2013. The ruling opens a massive hole in budgets across the state. (*Oregon Judicial Department*)

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The Oregon Supreme Court **issued a ruling on Thursday** harkening back to a basic playground rule: If you make a promise, you can't take it back.

In a decision that will affect every public agency budget in the state, the court ruled that it wasn't fair to go back on promises the state made years ago to its workers. The ruling reverses two controversial changes lawmakers made to the **Public Employees Retirement System** two years ago.

In 2013, lawmakers aimed to stop what they saw as a drain on the state's budget by reworking the contracts of 100,000 retirees. The change cut annual cost-of-living increases promised as part of the workers' pension benefits.

That change, along with a few others, was set to save the state about \$1 billion in the 2015-17 budget. Today's ruling means a big hole has opened up that agencies and local governments across the state will have to fill.

For retirees, the ruling means they'll continue to receive annual 2 percent cost-of-living increases. There's an upshot for current employees, too. They'll get the increases they'd earned but didn't receive after the law was changed in 2013.

The justices, who are also PERS beneficiaries, decided the cost-of-living changes can be applied to employees who have continued to work after the date of the 2013 law change. So those current and prospective employees will receive lower cost-of-living increases when they retire.

The court also ruled in favor of another change lawmakers had made in 2013. That change eliminated extra payments going to about 18,000 retirees who live out of state – money they received to recoup the tax loss from their benefits.

The court on Thursday said those retirees had no right to extra benefits.

-- Laura Gunderson and Ted Sickinger