QuickPoint! – End PERS – For a Day!

By Steve Buckstein

Most Oregonians know that our state’s Public Employees Retirement System (PERS) is some $25 billion to $50 billion under water. Promises made to past and present government workers, primarily those hired before 1996, were simply way too generous for taxpayers and entities like school districts to afford.

A misreading of the so-called Contracts Clause in the U.S. Constitution by the Oregon Supreme Court has meant that once a government employee was hired in the state, the terms of his or her employment could not be altered, even for work done in the future.

One remedy for this situation might be to fire all public employees for a day, thus canceling their PERS contracts, and then hire them back the next day under new, less generous terms. If you think that’s a non-starter, something similar actually happened in Oregon before.

In 1953 the Oregon legislature passed a law ending the PERS system—for one day—so that the new system could include public employees in the (then) relatively young federal Social Security program. That one-day change was for the benefit of the workers. But it just might be a precedent to do something similar today for the benefit of taxpayers and public agencies. Let’s see who picks up this controversial ball and runs with it.

Steve Buckstein is Senior Policy Analyst and Founder at Cascade Policy Institute, Oregon’s free market public policy research organization.