QuickPoint! – How the PERS Pac-Man Eats Teacher Salaries

By Steve Buckstein and Kathryn Hickok

What do Pac-Man and public pensions have in common? An intriguing 2016 national study of pension debt and teacher salaries recently answered this question. Depending on what economic assumptions are made, it’s likely that unfunded public pension liabilities for all states and local governments exceeded $6 trillion last year. Based on the same assumptions, Oregon’s share of those liabilities likely approached $50 billion.

The study, The Pension Pac-Man: How Pension Debt Eats Away at Teacher Salaries, by Chad Aldeman of Bellweather Education Partners, concluded that unfunded public pension liabilities are eating away at teacher salaries in every state—just like the arcade game. This happens because the school districts teachers work for have to pay an increasingly larger share of their budgets into retirement funds for teachers who are no longer teaching, at the expense of those currently in the classroom.

To stop the PERS Pac-Man from eating teacher salaries, Oregon’s Governor and state legislators need to get serious about PERS reform. They should end the “defined-benefit” elements of PERS for all work done in the future. Instead, public employees, including teachers, should move to 401(k)-style retirement plans. The costs to future teachers, schools, and taxpayers will only get worse if we don’t end the PERS Pac-Man once and for all.

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