

SJ WATCH

WORKING FOR A BETTER MID-VALLEY

ABOUT THIS PAGE

SJ Watch is a weekly page dedicated to working for a better Mid-Willamette Valley through watchdog journalism. SJ Watch tracks down how money is spent and collected by government agencies, seeks out solutions for readers' problems involving government agencies and checks the validity of statements from Oregon public officials.

Employers brace for higher PERS rates

Some public entities already are struggling to make payments

By Laura Fosmire
Statesman Journal

Last Tuesday, officials from the Public Employees Retirement System announced that employer rates would increase an additional 5 percentage points for the next fiscal year.

The announcement sparked concern with public employers, who already pay thousands, sometimes millions, of dollars toward employee pension plans.

A large chunk of PERS money comes from investments, allowing an unsteady stock market to set the program's foundations quaking. It's up to

the employers to budget additional dollars to make up for potential losses in investments.

Officials with the PERS board predict the rates will continue to increase in the future. As it turns out, the rates have been climbing for several years. And not everyone is dishing out the same amount.

Historical data from the 'PERS: By the Numbers' report that came out in April shows a 46 percent increase from the average rates, including side accounts, from 1975 to the estimated rates in 2011. Without factoring in side accounts, it jumps to a 94 percent increase

over the same period.

The city of Salem will be paying \$13.5 million in PERS payments, almost 11 percent of the total payroll, according to Deborah Bond, director of finance with the city.

The department with the highest PERS payment is emergency operations, which will pay \$2.1 million to PERS. Coming in at a close second is the police department, which will pay just less than \$2 million.

Marion County's countywide budget has set aside \$10.5 million for PERS payments — about 8.7 percent of the total payroll.

Polk County is paying considerably more in comparison to its total payroll. Its \$3.1 million PERS input equates to a

COMING MONDAY

Reporter Hannah Hoffman takes a closer look at the burgeoning PERS rates and the impact that those payments may have on local governments.

little more than 13 percent of total payroll.

But the highest payment rate belongs to the Salem-Keizer School District's general fund. With budgeted PERS payments totaling \$42 million, the district is dedicating more than 14 percent of its total payroll to pension payments.

The city of Salem has seen a 106 percent increase in PERS payments from the 2009-10 fiscal

year to the 2012-13 fiscal year. Marion County, on the other hand, has seen a 51 percent increase in PERS payments over the same period.

Some public employers are voicing their concerns about the increasing rates in memos within their budgets. Polk County's budget outlined where officials had to make sacrifices in order to afford PERS payments — and it still won't be

enough.

"Looking ahead, the picture does not get any better for the General Fund," the budget memo read.

Officials used about \$325,000 of operating contingency funds to ease the transition of a major revenue loss, according to the budget memo.

"That, coupled with an increase in PERS employer rates effective July 1, 2013 and a most likely reduction in state revenues, the General Fund is looking at an estimated \$500,000-700,000 shortfall the next fiscal year," the memo concluded.

Public agencies' payments to PERS

Information for each public agency shows how much of the budget is set aside for PERS payments. The rates are slated to increase for the next fiscal year, prompting some concern from these agencies at how they'll afford the payments.

	Salem	Marion Co.	Polk Co.	Salem-Keizer SD*
Total budget	\$429,642,620	\$352,254,582	\$49,883,327	\$578,990,853
Total payroll	\$125,045,500	\$120,413,997	\$23,120,662	\$297,985,390
2012-2013	\$13,514,980	\$10,495,326	\$3,070,266	\$41,956,132

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2012-2013	\$13,514,980	\$10,495,326	\$3,070,266	\$41,956,132
2011-2012	\$13,591,536	\$10,269,918	\$2,908,168	\$40,058,165
2010-2011	\$8,818,656	\$7,280,422	\$2,091,690	\$27,774,566
2009-2010	\$8,748,362	\$6,969,696	\$2,043,149	\$27,540,421
% of payroll paid to PERS	10.8%	8.7%	13.3%	14.08%

*These numbers reflect payments and payroll of the general fund, as opposed to the entire district. The total budget does reflect the entire district.

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