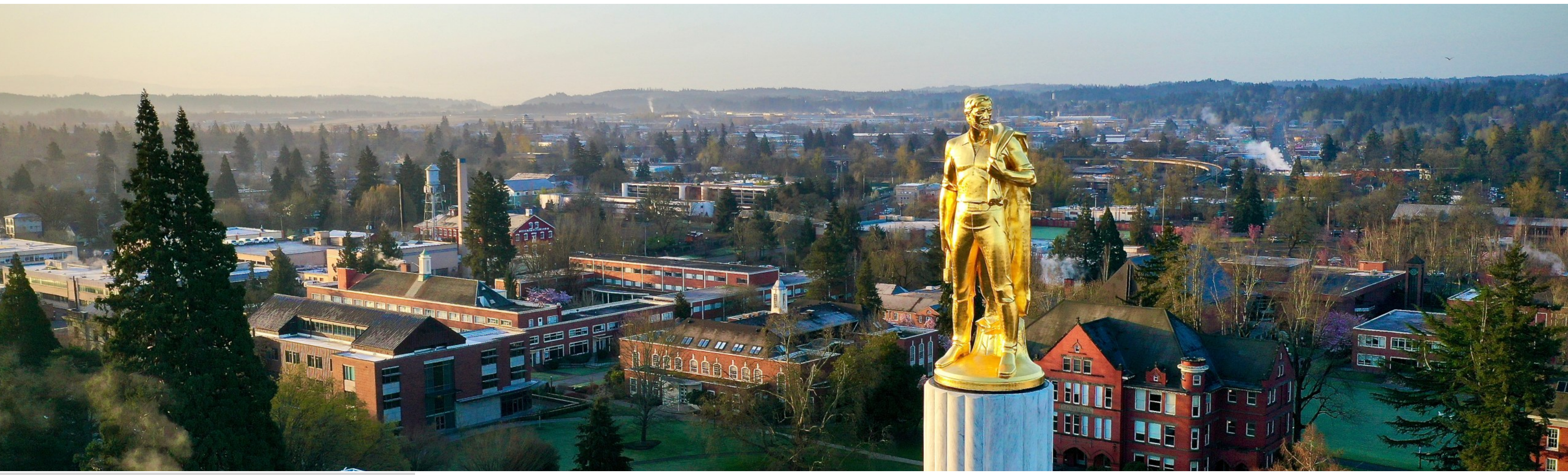
OPRI Newsletter | Fall 2025

Oregon PERS Retirees Inc.

POLITICAL INSIGHTS THAT MATTER



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About OPRI

The Oregon PERS Retirees, Inc. (OPRI) is the state's largest organization that exists solely to protect the rights and benefits of Oregon's retired public employees. We serve retirees like you by monitoring PERS disbursements, advocating for you at the Legislature and, when necessary, defending you in court. To learn more, please visit our website: **www.opri.org**

Oregon Legislature Passes $4.3 Billion Transportation Package in Special Session

In the wake of the regular 2025 legislative session ending without passage of a transportation-funding plan, the Oregon Legislature held a special session to address a budget shortfall at the Oregon Department of Transportation (ODOT). The department had projected a $300 million deficit for the upcoming biennium, prompting warnings of layoffs and service reductions. To address the shortfall, Governor Tina Kotek convened the special session to pass a transportation funding plan.

On September 1, the Oregon House approved a transportation tax and fee package, moving the measure forward after several false starts during the regular session. The proposal included a six-cent per gallon increase in the gasoline tax, higher vehicle registration and title fees, and a temporary doubling of the payroll tax for public transit. The plan was structured to raise approximately $4.3 billion over the next decade for road maintenance and operations.

The Senate vote was delayed multiple times during the special session. Initially postponed due to a key senator's health issues, the vote was eventually scheduled for the week of September 29.

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FROM THE HEADLINES

The Oregon Investment Council (OIC) has faced recent scrutiny for prioritizing its investment strategy for the Oregon's Public Employees Retirement System Fund (OPERSF) on private equity.

According to an article from the *Oregon Journalism Project,* OIC's consultants recommended investing 20% in private equity and 27.5% in public equity in 2024. Instead, 26.5% was invested in private equity and just 17.3% in public equity. As a result, OPERSF lost out on a $1.4 billion return on its investment.

These poor returns have led to increased costs for public employers. For instance, the Grant School District - which serves less than 500 students - faced a $900,000 increase in pension contributions, forcing staff reductions and program cuts.

Additionally, the lack of transparency in private equity investments has raised concerns. Public workers have limited access to information about which investments are profitable, with some firms citing confidentiality agreements.

Lawmakers and advocacy groups have questioned the OIC's investment practices. In September 2025, a joint letter from six Oregon legislators and several organizations urged the State Treasurer to address issues related to private equity investments and their performance.

OPRI will continue monitoring this, as Oregon schools and public agencies are bracing for another significant increase in pension costs in 2027, potentially exacerbating financial challenges.

STATE LEADERS PREPARE FOR BUDGET SHORTFALL

Oregon is currently facing a projected budget deficit of $373 million. With the passage of H.R. 1 – the “One Big Beautiful Bill” – Oregon is expected to see a decline in revenue in 2026, largely due to reduced federal payments for SNAP and Medicaid. Additional costs are also anticipated to meet new requirements for both programs, though those impacts have not yet been determined.

In order to balance the budget and re-establish a financial buffer, the state will need to identify $800–$900 million in cuts, savings, or new sources of revenue. The Governor has directed all state agencies to submit 5% budget reduction proposals to help prepare for the shortfall while protecting state reserve funds.

During the 2026 short legislative session, lawmakers will consider whether to disconnect from elements of the federal tax code, with any impacts taking effect in the 2026 tax year.

OPRI PAC End-of-Year Fundraiser

OPRI will be sending out letters for the end-of-year fundraiser for the political action committee next month.

When you contribute to OPRI's PAC , you strengthen our ability to advocate on your behalf, so can ensure that your voice is heard and that the retirement you earned remains secure.

As 2026 approaches, OPRI's role in protecting your benefits is crucial. Declining returns in the Oregon Public Employees Retirement System have drawn scrutiny to the Investment Council's approach, and concerns over the unfunded liability could lead to benefit cuts in 2027, affecting retirees during ongoing economic pressures.

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After several weeks of waiting, the Senate passed House Bill 3991 with an 18-11 party-line vote.

The approved package includes:

- Gasoline tax increase from $0.40 to $0.46 per gallon, effective January 1, 2026
- Increased vehicle registration fees for passenger vehicles
- Higher title fees for passenger vehicles
- Doubling of the payroll tax for public transit from 0.1% to 0.2% until 2028
- Registration surcharges for electric and highly fuel-efficient vehicles, and a phased-in road usage charge for electric vehicles by 2031

The Senate's approval temporarily averted the planned layoffs at ODOT, ensuring continued staffing and operations. The bill currently awaits the governor's signature.

Republican lawmakers have signaled their intention to pursue a referendum on elements of the package, including the gas tax and fee increases. To qualify for an election, they will need to gather 78,000 valid signatures within 90 days.

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