

High Desert Museum offers free admission

Free admission to the High Desert Museum, courtesy of Mid Oregon Credit Union, is scheduled for February 20. The "Free Family Saturday" complimentary admission program supports the community with the opportunity to explore wildlife and living history right in Central Oregon's backyard.

The museum is located five minutes south from Bend on Highway 97. The Museum is open from 10 a.m. to 4 p.m., including the Rimrock Café and Silver Sage Trading Store.

"Every year we meet and greet all the families who come out for the Free Family Saturday at the High Desert Museum," said Kyle Frick, Mid Oregon Credit Union VP of Marketing and Community Relations. "No matter what the weather, we see young and old alike who are smiling and excited to spend time enjoying this amazing Central Oregon resource."

Parking is limited – a free shuttle is offered from the Morning Star Christian School parking lot to the Museum and back all day. Children requiring car seats are not allowed to ride the shuttle.

For more information about exhibits, wildlife encounters, living history performances, music, and tours, visit the Museum's website at www.highdesertmuseum.org.

Pension funds see 20 percent increase in deficit

By Ted Sickinger
The Oregonian

PORTLAND (AP) — Oregon Treasurer and Portland mayoral candidate Ted Wheeler issued a statement last week noting that the state pension fund's investment returns were 2.1 percent in 2015.

That beat the Standard & Poor's 500 index, and topped the performance of 88 percent of comparable institutional investment funds.

What Wheeler's statement didn't mention was that investment returns for the year still fell 5.6 percentage points below the system's 7.75 percent assumed rate of return for 2015.

That's terrible news for public employers and taxpayers. It means the pension system's unfunded liability just increased by another 20 percent — growing from \$18 billion at the end of 2014 to between \$21 and \$22 billion a year later.

That will put renewed upward pressure on payments the system's 925 public-sector employers are required to make.

Public employers had already been warned to expect maximum increases over the next six years, which would take their pension fund contribution rates from an average of about 18 percent of payroll to nearly 30 percent, redirecting billions of dollars out of public coffers and into the retirement system.

In reality, those "maximum" increases could be a lot bigger.

Milliman Inc., the actuary for the Public Employees Retirement System, told

board members at their regular meeting Friday that the pension fund now has 71 to 72 cents in assets for every \$1 in liabilities.

That's an average number across the entire system. Some individual employers' accounts, including the system's school district rate pool, are flirting with the 70 percent threshold that triggers larger maximum rate increases.

Here's how it works: To prevent rate spikes, PERS limits the biennial change in employers' payments to 20 percent of their existing rate. For example, if an employer is required to make contributions equal to 20 percent of payroll, the rate increase is "collared" to 20 percent of that number, or a 4 percentage point increase.

That 20 percent increase is what employers have been warned to expect every other year for the next six years.

But when an employer's funded status falls below 70 percent, that collar begins to widen on a sliding scale — up to a maximum of 40 percent.

Milliman actuary Matt Larrabee said the funded status for school districts has been 1 to 2 percentage points below the system-wide average. So school districts are already slipping into the zone where they might expect bigger increases in 2017. State agencies and local government employers are typically a bit better funded than the system average. But PERS also has 130 "independent" public employers, some of which may fall into the funding red zone.

That was the funding situation at the end of 2015. And the system's entire

rate forecast is based on the assumption that investments will deliver annual returns of 7.5 percent — the system's new assumed earnings rate. Financial markets so far this year have fallen into a tailspin, which has some economists predicting a new recession.

John Tapogna, president of the economic consulting firm ECONorthwest, said Oregon lawmakers need to focus on the downside risk of lower investment returns, which could drive employer pension contribution rates to 40 percent of payroll.

"The December 31, 2015 returns should be keeping people awake at night," he said.

Jim Green, deputy director of the Oregon School Board Association, said some schools have set some money aside to deal with the projected rate increases in 2017, but many haven't.

"It's a real problem, and the longer you put off dealing with it, the worse it gets," he said. "Unfortunately, neither legislative leadership nor the governor's office is willing to take this issue on in this short session."

It wasn't for lack of trying. Sen. Tim Knopp, R-Bend, introduced a bill this session that included a variety of money-saving pension

changes, most of which would cut employee compensation or benefits and prove controversial. Two of the most frequently mentioned are redirecting employees' 6 percent retirement contributions from supplemental accounts into the pension fund; and changing the interest rate used in the calculation of some member benefits.

Knopp said the changes in his bill were analyzed by Milliman, and the estimated savings were about \$1 billion in contributions during the next biennium alone. No hearing on the bill was scheduled by last Friday, however, which means the bill died.

Knopp says he understands Democrats unwillingness to act with an election in the offing, given unions' desire to keep the status quo. But he believes inaction is potentially catastrophic if the markets don't perform.

"The budget for next session is a disaster," he said. "It's billions upside down already. How do you convince Oregonians that they should approve \$5 billion in new taxes and reward the Legislature with a massive increase in the budget when they can't even resolve to go after the simplest of budget savings available to them, which are the PERS reforms?"



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