

GUEST EDITORIAL FROM THE
ALBANY DEMOCRAT-HERALD

PERS reform: kicking
the can down the road

We suppose we should be grateful that the Oregon Legislature has even acknowledged the slow-motion crisis that is the Public Employees Retirement System. The problem is that the action the Legislature has taken this session — in the form of Senate Bill 1049 — is basically the same strategy it’s used for decades: kicking the can down the road.

Even state Sen. Sara Gelser of Corvallis, who is gaining a reputation this session for unusually blunt talk, recognized the problem: She was one of five Senate Democrats who voted against the bill, which passed on a 16-12 vote. (The bill passed the House Thursday by a narrow 31-29 margin).

To be fair, there is a hard part of Senate Bill 1049: The bill proposes redirecting a portion of the retirement contributions employees currently make to a supplemental 401(k)-like savings plan. Under the provisions of the bill, some of those contributions — 2.5% of pay for employees hired before Aug. 28, 2003, and 0.75% for employees hired after — would go into an account that would support pension benefits.

By reducing the amount of money going into the supplementary retirement accounts, the plan would reduce employees’ overall retirement benefits by 1% to 2% of pay, according to The Oregonian’s Ted Sickinger, whose reporting on PERS continues to be essential.

That might not seem like a lot, but as Sickinger noted, many public employees say they’re underpaid today, and there’s some merit to that argument. And public employee unions are bitterly opposed to these provisions in Senate Bill 1049, so voting for it did require some political courage on the part of senators.

But here’s the problem with the bill: It doesn’t put much of a dent in the \$27 billion unfunded liability currently stalking the state’s pension system. And, in fact, some 75% of its cost savings (estimated at about \$1.2 billion to \$1.8 billion in the 2021-23 budget cycle) come from extending the minimum payment schedule on the deficit by eight to 10 years.

Gelser didn’t mince words: “We are pushing this cost off to future Legislatures, to other Oregonians hoping that at some point in the future we will come back and find something that is politically feasible,” she said during debate on the measure. “That doesn’t make sense to me because that is how we got to this place right now.”

If the bill is signed by Gov. Kate Brown, taxpayers won’t pay off the PERS deficit until the 2041-43 budget cycle, as opposed to paying it off by 2035.

But that relies on a pair of questionable assumptions. First, it assumes that the system continues to generate its average rates of return on investments, but that’s an area in which the system has struggled in the past. (To be fair, it often has been saddled with unrealistic rates of returns in an attempt to make the books look a little better.)

The second assumption is even more questionable: A prolonged economic downturn could play havoc with these plans. And one thing is for sure: Our extended economic expansion will not endure forever. In fact, some economists (including some who work for the state) say it could come as early as next year. We can’t say when the downturn will occur. But you can be sure it will come,

Part of the reasoning behind Senate Bill 1049 is to help ensure that the revenue headed to Oregon’s K-12 school districts thanks to a new tax on businesses won’t be swallowed up by increasing PERS premiums. The bill will help prevent that. But legislators are fooling themselves if they think this is the last word on PERS reform.

Editor’s note: The original editorial was written prior to the bill’s passage in the House. It has been lightly edited to reflect that change.



Your views

Swart: Asking
Walden to step
forward for
integrity

To the Editor:
I am encouraging Rep. Greg Walden to read the Mueller Report and I hope most of his constituents will also read it. The following paragraph is my email to our congressman:

I am reading the Mueller Report and I implore you to read the entire report and take action on the evidence it provides. For a long time, I have been disturbed by the changes in our country. The Russians have been extremely effective in bringing out a dark element resulting in our acceptance of dishonesty, pitting American citizens against each other, increasing use of filthy language and weakening the United States’ influence throughout the world. I am asking you as a member of Congress to step

forward and save us from what we have become. Make it clear that this is not what America should be, not what the framers of the Constitution intended for this country to be. I plead with you to step forward and lead us to kindness and integrity among our fellow citizens and strength in relationship with the people of planet earth.

Evelyn Swart
Joseph

Hopkins: The
Observer is a
vital part of our
community

To the Editor:
I read Dorothy Fleshman’s editorial, “The Observer is our paper,” and I totally agree with her premise of supporting our local news media. As they say, “I don’t have a dog in the fight” other than wanting to see our paper continue for the

community. I realize that papers across the nation are struggling with the increase of electronic communication. However, I still enjoy settling down in my favorite chair with a hot chocolate or tea and reading about the events within our area. I enjoy reading about the success of our schools or individuals who are making a difference for all of us. I enjoy the local briefings and reading of the success of our local athletes. I even enjoy thumbing through the ads placed by our local merchants giving me choices of where I might want to shop for the day.

We have outstanding writers — Dick Mason, Ronald Bond and Lisa Lester Kelly — and they should be commended on the work they produce. I also have high praise for the “behind the scenes” staff that are keeping the news available.

I believe The Observer

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LETTERS TO THE
EDITOR

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is a vital part of our community. I believe it is a part of sustaining the quality of life we have and a key for enhancing our economic growth. For the cost of a cup of coffee, I think we are getting a bargain.

Gerald Hopkins
Summerville

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