

Earnings growth boosts status of Oregon public pensions

Unfunded liability for 2021 estimated at either \$19.7 billion or \$14.4 billion

SALEM — Oregon's projected unfunded liability for public pensions apparently shrunk significantly last year, mostly attributable to healthy investment earnings that pushed the fund past the \$100 billion mark for the first time in its 75-year history.

A final accounting will come later this year, but preliminary numbers for 2021 peg the unfunded liability at either \$19.7 billion or \$14.4 billion, depending on whether "side accounts" are excluded or included. Side accounts are amounts of money that participating governments set aside to cover part of their future pension liabilities, but not all of the 900 government employers in the Public Employees Retirement System have set up such accounts.

The comparable figure for 2020 was \$28 billion.

The PERS fund was at \$85.4 billion in December 2020; the preliminary figure one year later is \$100.4 billion. Its investments go beyond common stocks, which PERS started back in 1973, to other things. Oregon has one of the nation's largest public pension funds.

"It's a good marker to know what the investment returns of last year did," said Scott Preppernau of Millman, the firm that does the actuarial work for the system, in a Jan. 31 report to the PERS board. "Clearly a strong asset year makes a significant improvement in these results over a one-year time frame."

A decade ago, under then-Treasurer Ted Wheeler, the Oregon Investment Council changed its strategy so that the PERS fund will not grow as much when financial markets surge, but also does not drop as much when markets plunge. The change emerged after the Great Recession, when the PERS fund lost 28% of its value as it declined from \$66 billion in December 2007 to a low of about \$48 billion in March 2009. It took several years for the PERS fund to get back to its pre-recession level.

PERS Board Chairperson Sadhana Shenoy said Oregon's long-term liability for public pensions hasn't gone away, given that the funded status of the system is still below a target of 90%.

"We have a long way to go," she said. "But this shows that one good year gives us a little bit of respite."

Rate-setting is next

The valuation of the PERS fund as of Dec. 31 will be a factor when the board sets pension contribution rates for the 900 participating governments for the 2023-25 budget cycle, which starts July 1, 2023. The board will likely set those rates at a Sept. 30 meeting.

However, the current average rate of 17.9% is likely to be maintained, instead of reduced. The board changed its policy last year so that increasing the funded status of the system to a specified target of 90% takes priority over lowering contribution rates.

The "average rate" is a misnomer, because no participating government pays it.

Rates are determined by the mix of employees within a government agency, based on when they were hired and whether they are classified as public safety employees, who qualify for higher pensions upon retirement but also require higher rates than other employees for pension contributions. State law defines "public safety employees" for pension purposes.

Rates tend to be higher for governments with a greater share of employees hired before August 2003 — although those numbers have declined because of retirements — or those with more public safety employees, such as police, sheriff's deputies and firefighters.

Of the 228,000 public employees covered by the system as of mid-2021, PERS reports that more than 162,000 of them were hired after the Oregon Legislature overhauled the system in 2003. The rest, all hired before then, fall into more generous defined-benefit plans from prior years.

But of the 156,500 retirees as of the end of 2020, most of them (130,000) get benefits under a pre-1996 plan and are classified as Tier 1. Another 18,000 get benefits under

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Davis Carbaugh/The Observer

Jacob Brown, owner of the new La Grande Poker Room, poses for a portrait in the lounge of his business on Friday, Feb. 4, 2022.

La Grande Poker Room focuses on social and entertainment aspect of gambling

By DAVIS CARBAUGH
The Observer

LA GRANDE — La Grande's new social gaming site is up and running.

Jacob Brown, owner of La Grande Poker Room, 211 Fir St., opened the business on Friday, Feb. 4. The poker room is aiming to focus on the social gaming aspect of gambling, while providing another entertainment option in La Grande.

"The feedback has been super positive," Brown said. "It's something that La Grande can use, another form of something fun to do."

Brown, who is from La Grande, purchased the space in October and renovated it to hold three full-size poker tables. La Grande Poker Room can host up to 27 total players at one time, nine per table. According to Brown, the plan is to host weekly tournaments and nightly cash games. The business will primarily host poker games, but cribbage and other games could be a possibility if players choose.

The business owner was inspired to open the poker

room during his time going to school out of the area, when he took up social gaming as a hobby. The absence of a social gaming spot in Union County motivated Brown to open the location in La Grande after seeing what was offered in Medford.

"Medford has four social clubs, so I would go down and play and whatnot," Brown said. "That's kind of how I found out about social clubs."

The closest social gaming sites to La Grande currently are in Ontario and at Wildhorse Resort and Casino in Pendleton. When he began pursuing opening the business, Brown said he received interest from Baker and Wallowa counties.

"I thought it would be a good idea to open one here in La Grande," Brown said.

La Grande Poker Room will offer \$1-\$2 cash games on a nightly basis, and tournaments will be scheduled based on local interest.

"We're going to adjust it to what people want," Brown said. "Right now, I'm hoping that we can do a tournament every week."



Davis Carbaugh/The Observer

La Grande Poker Room's logo adorns one of the poker tables at the new social gaming business on Friday, Feb. 4, 2022.

The journey to open the business' doors included jumping through the necessary hoops, including renovating the space and qualifying for required permits.

Since acquiring the building in October, Brown added new carpeting and opened up the main playing area. He also removed a stage that was there and added a back room where the stage used to be.

"Pretty much everything in here is brand-new," Brown said.

The business owner had to appear in front of the La Grande City Council twice

in the buildup to La Grande Poker Room's opening. At a regular session last September, the council approved updating the city's social games bet limit to allow for no-limit poker.

Brown explained that the city previously enforced a \$5 bet limit, which does not reflect trends in the poker community.

"When they made the rule in 1992, poker then was more synonymous with limit poker," Brown said. "Since 2003, poker is typically no-limit."

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Food industry must adapt to labor shortages, experts say



Mateusz Perkowski/Capital Press

Participants examine food processing equipment at Food Northwest's recent processing and packaging expo in Portland.

By MATEUSZ PERKOWSKI
Capital Press

PORTLAND — The worker shortage isn't a temporary trend that farmers and food processors can hope will soon blow over, experts say.

As insufficient labor plagues the agriculture and food industries, employers must persistently compete for workers while investing in automation, according to experts at Food Northwest's recent annual processing and packaging expo in Portland.

"This is the new normal. Things will not go back to how they were before," said Osvaldo Granillo, sales director with Redzone Production Systems, which helps companies with worker productivity.

Retaining employees is key — apart from the expense of recruiting and training new workers, companies face an "opportunity cost" when they can't fill orders due to an insufficient workforce, he said.

Employee retention doesn't just boil down to spending

more on wages, especially with the new generation of workers, Granillo said.

A survey of young workers found that pay rates are 14th on their list of concerns, while enjoying their job is the top consideration, he said.

"Employees are becoming the new customers. We have to make them happy," said Steve Childs, a production manager for Chaucer Foods in Forest Grove. "Employees aren't something you do once and then put on a shelf."

Roughly 70 million workers from the "baby boomer" generation are projected to retire during a time period when only 40 million new workers will enter the workforce, said Brian LaPlante, district account manager with FANUC America Corp., a robotics company.

Retirements have increased in the aftermath of the coronavirus pandemic, accelerating changes in the workforce that were already underway, LaPlante said.

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