

Can you fix PERS?

THE BELLOTTI EFFECT IS NOT FOOTBALL LINGO!

Just to be clear about my biases: I despise *The Oregonian* editorial board because it despises public employees and it misrepresents Oregon political reality because of it. And I'm also a retired Public Employees Retirement System (PERS) parasite, as my friends refer to me.

Ever since Oregon Democrats won control of both chambers of the Legislature in 2007, *The Oregonian* incessantly accuses Dems of monolithic control of the state without Republican input. That's pure bullpucky!

The latest example, a recent paean to Dennis Richardson, concluded: "The election of a Republican to the secretary of state's office provides at least a little balance to Democratic dominance in the rest of state government. ... Certainly, Oregon staunchly remains under one-party rule, a phenomenon that's unhealthy no matter which party is in charge." What a crock!

With the exception of 2009, Democrats have never controlled 60 percent of the seats in the House since the supermajority requirement to move tax measures was imposed. Let's be honest, the majority party can't pass anything, whether it's a budget or a transportation plan or PERS reform without the assistance of the minority party. And minority parties always whine about being ignored. I should know; I was the minority whip in the House and the Senate for four of my five sessions.

Obviously, with the start of the 2017 legislative session, we need to talk about PERS. It can't be ignored given the looming state general fund deficit and increases in PERS rates for schools, state and local governments. I co-chaired the 2003 senate PERS committee that successfully passed five major reforms (bipartisan, BTW). Our Supreme Court upheld four of them.

As a current PERS retiree, my monthly benefit information is public record. If you're curious, look it up. Hint: It's less than my monthly social security benefit. That's why I'm still driving a 15-year-old Toyota pickup.

PERS began publishing the names and monthly benefit amounts of PERS retirees as the result of a public records lawsuit in 2011. Back then, I thought to myself: Holy Golden Years, Batman, PERS is gonna have a big PR problem! Sure enough, *The Oregonian* subsequently reported former UO coach Mike Bellotti's retirement pay — \$41,000 a month. That's nearly \$500,000 a year, or about a \$10 million actuarial liability if the 60-year-old lived for 20 more years. The Bellotti Effect.

Bellotti was identified as the all-time highest paid PERS retiree — at the time. But even back in 2011, I prepared for a steady stream of reports like this, as Tier One PERS members retired. Sure enough, last August the *R-G* reported that Dr. Johnny Delashaw, a former neurosurgeon at Portland's Oregon Health & Science University supplanted Coach Bellotti as the state's top public pension recipient. Delashaw received an annual benefit of \$660,000 a year from PERS. That's 23 percent higher than Bellotti's annual benefit of \$500,000.

Anyway, there's one of the problems with PERS. The system was never designed for payouts like this. How do you fix it? Maybe you change the definition

of "state salary" for the purpose of the retirement calculation? But you can't go retroactive; just ask the courts. Retirement plans are contracts; a deal's a deal.

The coach and the neurosurgeon exemplify the problem. In Bellotti's case benefits were calculated using the "full formula" method, which considers three factors — salary, years of service and a multiplier of 1.67 percent for Tier One employees. PERS averaged his highest three years annual salary at about \$1.35 million.

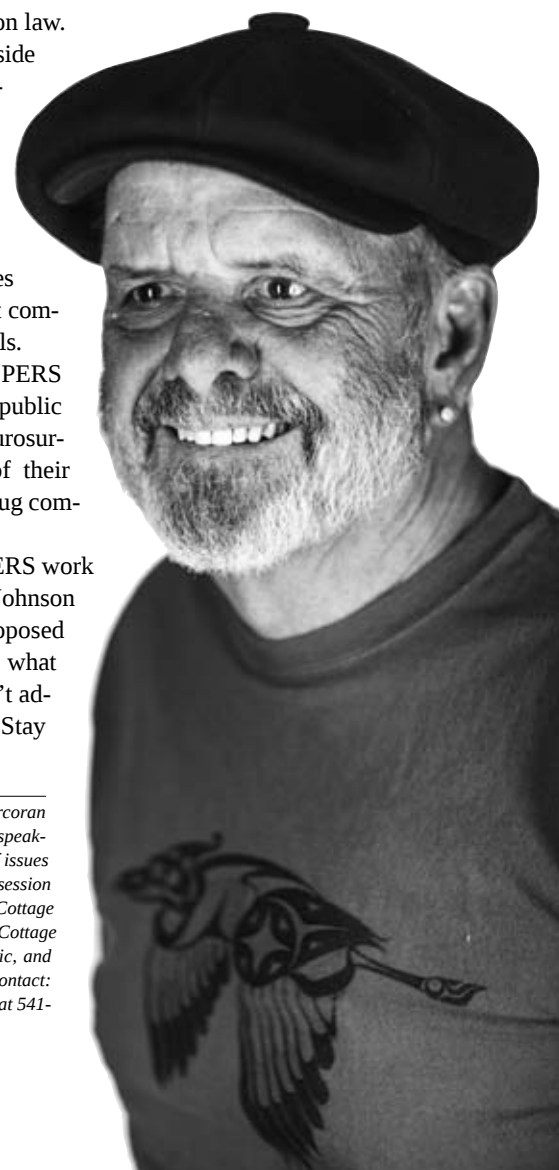
But the UO listed Bellotti's 2009 "base salary" as only \$299,999. The other million came from endorsements by Nike and the Oregon Sports Network, ticket sales incentives and other perks which meet the definition of PERS "salary" under Oregon law.

The university handled this outside money as a transfer of its own revenue; the endorsement money was included in Bellotti's university pay and his benefit calculation. The UO says the payments were channeled through the university to avoid conflicts where coaches were negotiating endorsements that competed with the university's own deals.

Who'da thunk in 1945, when PERS was created, that 70 years later public college coaches or university neurosurgeons would get half or more of their salaries from shoe companies or drug companies?

I'll be following a bipartisan PERS work group headed by Senators Betsy Johnson and Tim Knopp exploring some proposed solutions. The bad news is that what they've come up with so far doesn't address the current rate increases. Stay tuned.

EW columnist and former legislator Tony Corcoran will kick off the Blackberry Pie Society's 2017 speakers series, "Think Again," with a discussion of issues facing the upcoming 2017 Oregon legislative session from 6:30 to 8 pm on Tuesday, Jan. 17, at the Cottage Grove Armory, 628 E. Washington Street in Cottage Grove. The event is free and open to the public, and refreshments will be available. For more info, contact: Blackberry Pie Chairperson Leslie Rubinstein at 541-521-2887 or blackberrypie@gmail.com.



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