

Unintended Consequences

AN UPDATE ON THE PUBLIC EMPLOYEES RETIREMENT SYSTEM

This is the week everyone anticipates in Salem every two years. The May 2017 state revenue forecast is the last tool available to the Legislature's Ways and Means co-chairs to anticipate Oregon's general fund problem for the next two years. The biennial crapshoot from hell. This year our economy's going gangbusters. So the kicker may kick! With a \$1.6 billion hole in our general fund! I hate it when that happens.

Sen. Floyd Prozanski showed up at our Hot Air Society last week so somber we had to do an emergency IPA infusion. Just think about it — a quiet lawyer who can't say anything hopeful about the current legislative clown show. We thought maybe he had feline rabies but his vet says he's up to date on his shots. We're keeping an eye on him.

I called some Salem lobbyists to see what was going on. It turns out Floyd is not the only afflicted legislator. There's a rare herd auto-immune epidemic at the state Capitol: All the legislators in Salem are sick of one another! And they can't talk! Mute and moot. The revenue crisis, Public Employees Retirement System (PERS) reform, and the transportation package have one thing in common: They don't have 36 votes in the House or 18 in the Senate. Nobody knows the words to "Kumbaya."

Remember Measure 97? Remember carbon emissions and no transportation plan in 2015? Remember every stinkin' excuse Republicans had to reject revenue reform? There were many progressives who thought Measure 97 was an Oregon MOAB, or MOAT — Mother Of All Taxes. It represented Oregon's largest tax increase in history. Many of us feared it would go down, and if it did any talk of significant tax reform was out the window for a while.

And there's no question that national politics

also play a role in Oregon's electile dysfunction. Oregon's Trumpistani Republicans are emboldened by Trumpcare and Ryancare. I'm calling it Waldencare. Waldencare represents the largest tax give-away to the wealthy in our nation's history! And it does it by stripping away medical coverage to 24 million Americans. How friggin' clever is that? More taxes? Hah!

I asked two veteran lobbyists on opposite sides to compare the 2017 PERS negotiations to our reforms in 2003. Both described this session as hopelessly deadlocked.

The labor lobbyist told me there is no "moderate" business lobby these days. The Association of Oregon Industries, the Oregon Business Council, all merged; and their members still seek revenge on the public sector unions for Measure 97.

The business lobby told me that the PERS benefit is too "luxurious"; the gap between Tier One and Tier Two recipients is too broad. They believe firefighters, cops and teachers should "share" the solution to the unfunded liability dilemma, attacking their paychecks by "equalizing benefits" between the two tiers.

Salem's partisanship is rampant, just as in Washington, DC. Neither side can agree on basic facts. Republican leaders Sen. Ted Ferrioli and Rep. Mike McLane, whom Trump is considering for U.S. Attorney, haven't given a glimmer of hope regarding new revenue. And Democrats can't do it alone.

Republicans are just coming to the realization that poor investment returns, not over-compensated public employees, are a large part of the PERS unfunded liability conundrum. It's a conundrum because "cost-containment" is the bi-partisan mantra, but the fact is that 70 percent of the unfunded liability is caused by people who have already retired.

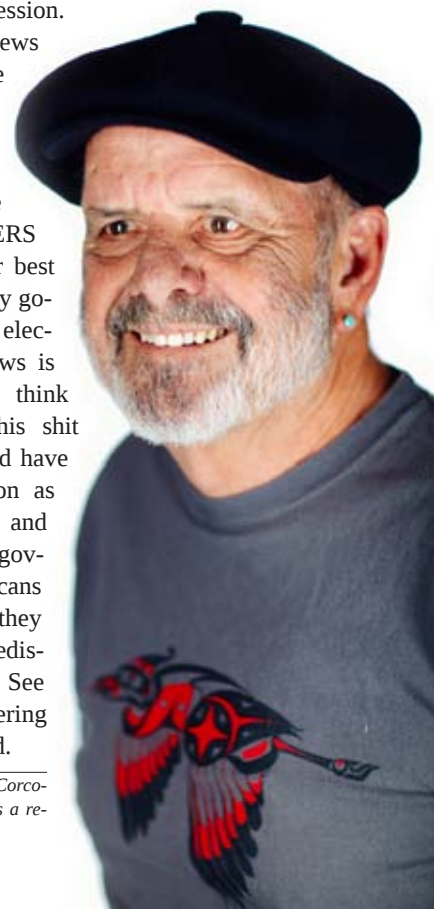
Without additional revenue we're stuck.

The Republican business lobby payback for Measure 97 is the main reason we can't get additional revenue through the legislature. And voters won't turn out for a special election to increase taxes. Duh!

Republicans are realizing they can't reduce the entire \$22 billion unfunded 20-year liability all at once. One 2015 Oregon Supreme Court decision alone, *Moro v. State of Oregon*, increased that liability by over \$5 billion dollars by overturning a component of the "grand bargain" ending the 2013 legislative session.

The good news is that Gov. Kate Brown gets the fact that a transportation package, a revenue package and PERS reform are in her best interests politically going into the 2018 election. The bad news is the Republicans think they can stall this shit out until 2018 and have Dennis Richardson as secretary of state and Knute Buehler as governor. If Republicans win next year, they control Oregon redistricting in 2020. See how gerrymandering works? Stay tuned.

Former state Sen. Tony Corcoran of Cottage Grove is a retired state employee.



DON'T LET THE SUN SET ON YOUR SUMMER!

Registration is now open and continues until the first day of a class.

Indulge in learning something new this summer through your local university.

uosummer.uoregon.edu

facebook.com/uosummer

541-346-3475

UO SUMMER SESSION | JUNE 26–SEPTEMBER 15, 2017

EO/AA/ADA institution committed to cultural diversity. © 2017 University of Oregon



UNIVERSITY OF OREGON