

Cash flow is latest pension headache

Basic solvency of the state system in question

By TED SICKINGER
The Oregonian

Warnings about Oregon's public pension system have been relentlessly consistent for nearly two decades. But a deficit of roughly \$26 billion, seesawing financial markets and years of political inaction continue to drive painful cost increases for schools, municipalities and government employers across the state.

The pension system's appetite for more dollars is the backdrop to every budget discussion. It was a wedge issue in the 2018 governor's race. And it will lurk around the legislative session that starts today, even if Democrats decide not to take up legislation to tackle the problem.

Even as Gov. Kate Brown proposes \$2 billion in new taxes to fund schools, much and potentially all of that money could eventually disappear into the pension system, leaving little for Brown's promise of smaller classes, more teachers or a longer school year.

Now a new alarm is ringing, one that's triggering a different conversation among the folks who manage the pension fund's investments. On the surface, it's about structuring the investment portfolio to meet growing needs. But dig a little deeper, and it's also about the basic solvency of the pension plan.

The problem is cash flow, or more accurately, negative cash flow.

In plain terms, that means the Public Employees Retirement System pays out far more than it takes in before investment earnings. The situation, given the projected growth of benefit payments, is unprecedented and important enough to affect the "long-term viability of the plan," said Rukaiyah Adams, chair of the Oregon Investment Council, the citizens panel that oversees pension fund investments.

"No OIC has ever had to face this issue," she said. "No governor or treasurer has had to face this issue. So, we're approaching it with measured, analytical care."

Already, some financial experts think it unlikely that public employers will ever pay off the pension deficit. Others see the system approaching a financial precipice that, without drastic measures, could eventually leave Oregon looking like Illinois, whose pension system is on the verge of insolvency.

Focus on cash

Allen Alley, a former tech executive, Republican gubernatorial candidate and technology investor, suggests that policymakers stop focusing on the actuarial mumbo jumbo and the complex accounting, and start looking at the actual cash flowing out of the system. Bottom line, he calculates, public employers' collective bill for retirement benefits over the next three decades will be about \$225 billion. That's just for existing employees. New employees will increase the bill.

"As a CEO of a company, you think about cash," he said. "What's the check I have to write and where's that money going to come from?"

Last year, PERS took in roughly \$1.4 billion in contributions from employers to

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Katie Frankowicz/The Daily Astorian

Visitors to the replica of Fort Clatsop at Lewis and Clark National Historical Park were unable to access parts of the facility during the government shutdown.

National park weathers shutdown

Lewis and Clark remains relatively pristine

By KATIE FRANKOWICZ
The Daily Astorian

The trash bins are full, the bathrooms are getting close to full and downed trees cross some trails, but, overall, Lewis and Clark National Historical Park near Warrenton looks pretty clean.

The government shutdown — now on its 32nd day — has not been as kind to other national parks across the country, where bad behavior and trash dumping threaten fragile natural areas. In California, visitors cut down protected Joshua trees, while residents near Yosemite say it's a "free for all" in the park as garbage and human waste pile up.

People often assume winter is a slow time of year at Lewis and Clark. But the park, home to the Fort Clatsop replica and the site of the encampment where the Corps of Discovery led by Meriwether Lewis and William Clark spent the winter more than 200 years ago, remains a draw year-round.

Locals and visitors hike the trails daily. On Monday, Martin Luther King Jr. Day and a holiday for many people, cars filled a small parking lot at a connection to the Fort to Sea Trail and people wandered around the visitor center.

Park staff offer educational programs, demonstrations and other events and services throughout the year. The partial shutdown has meant canceled school field trips, hiring delays, lost monitoring data in natural resource projects and disappointed out-of-town visitors who might have made a special trip to the coast just to experience Fort Clatsop.

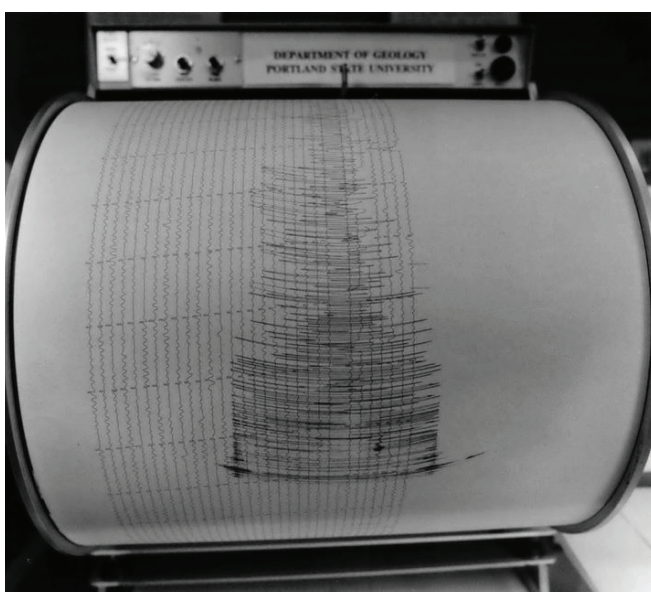
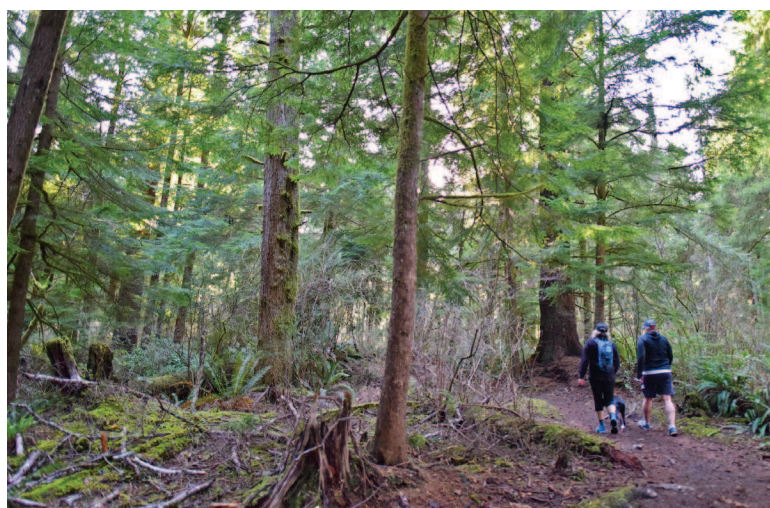
On Monday, Sherrie Pickard, of Ridgefield, Washington, snapped a photo of her 10-year-old grandson, Nixon Graham, in front of the closed and locked bunkhouses inside the Fort Clatsop

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Photos by Colin Murphey/The Daily Astorian

ABOVE: A sign in the window of the visitor center at the park describes conditions during the shutdown. BELOW: Trails in and around the Lewis and Clark National Historical Park were still open despite the government shutdown.



Ross William Hamilton

A seismograph at Portland State University shows the shaking from the Spring Break Quake in 1993, thought to be the third-strongest earthquake centered in Oregon.

Big quakes follow 'silent slip'

New research from Oregon State

By KALE WILLIAMS
The Oregonian

Researchers at Oregon State University have found a new explanation as to why foreshocks often precede large earthquakes.

Large quakes appear to follow a short period of "shallow mantle creep" and "seismic swarms," according to the study, which was published Monday in the academic journal *Nature Geosciences*.

The findings shed new light on a phenomenon called "silent slip," in which parts of the Earth's crust are displaced along a fault line, but without any seismic activity.

In simpler terms, silent slip is when the Earth moves, but there's no earthquake. That silent slip can lead to actual seismic activity, though, said co-author Vaclav Kuna, a graduate student in geology and geophysics at the university.

Vaclav and other researchers deployed 55 seismometers along the Blanco Transform Fault off of the Oregon

Coast for a year.

"It's a very seismically active fault that generates significant earthquakes at higher rates than the majority of faults on land, making it ideal for studying the process of earthquake generation," Kuna said in a statement.

Transform faults occur at the edges of tectonic plates where the movement is mostly horizontal. The Cascadia Subduction Zone, the Pacific Northwest's most widely known producer of large quakes, is a subduction

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