

# Pension reform passes state House

By **CLAIRE WITHYCOMBE and AUBREY WIEBER**  
Oregon Capital Bureau

In a dramatic afternoon, the state House voted 31-29 on a bill Thursday to cut retirement benefits for the state's public employees.

It was reform most seemed to find distasteful, regardless of party.

Democrats who supported the bill risk losing campaign dollars from public employee unions. Republicans say the bill kicks the can down the road by not addressing the long-term issues with the Public Employees Retirement System, known as PERS.

In a rare circumstance, the votes weren't secured by the time the bill hit the House floor.

As House Speaker Tina Kotek continued to call on lawmakers, it became clear the vote was in jeopardy. With a 29-30 tally, Rep. Mitch Greenlick, D-Portland, weighed his decision for what felt like minutes. He then voted against it.

Kotek, never one to give up easily, stood at ease rather than bang her gavel to solidify the vote.

Then she went to work.

About a half hour later, she returned to the head of the chamber, having whipped votes from Greenlick and Rep. Andrea Salinas, D-Lake Oswego. Salinas' eyes welled with tears as she walked off the floor.

"I did not feel like this was the right thing to do," Salinas said later. "I also didn't think doing nothing was the right thing to do."

She felt the policy could have been improved by looking at a surplus in the state's workers' compensation fund, selling certain assets or increasing the amount of time the state takes to pay down the debt.

## Benefits decline

Under the bill, employees could see benefits generated by the savings plan drop by 7 percent to 12.5 percent, depending on when they were hired and how much time they have left until retirement.

That change would apply to employees making \$30,000 or more — about 97 percent of employees hired before Aug. 29, 2003, and about 90 percent of employees hired after that.

And that change would cease once the system is nearly fully funded. It's currently about 73 percent funded, according to Oregon PERS.

About 176,000 state employees are members of PERS.

The bill would also cap the amount of money that the state uses to calculate each employee's benefits. Benefits are partially based on a figure known as final average salary, which, in simple terms, approximates an employee's annual salary at retirement. That figure would be limited at \$195,000. In each generation of hires — there are three — that change could reduce benefits for a fraction of 1 percent of workers.

Weeks ago, Senate Republicans had staged a walk-out, saying pension reform is needed before more money is dedicated to education. A deal

was struck and they returned, though all voted against an education package. It passed on Sen. Betsy Johnson's vote, but the Scappoose Democrat said she would only support it alongside pension reform.

"I think the emotions in me wanted to basically say to workers, 'We're not going to let the Senate and their dysfunction take hold of the House,'" Salinas said. "I wanted to give the big, 'Mr. Smith Goes To Washington' kind of speech: 'That's not

*'WHILE THERE IS NO PERFECT SOLUTION, WE NEEDED TO ADDRESS THE RISING RATE COSTS THAT THREATEN PUBLIC EMPLOYEE JOBS AND CRITICAL SERVICES.'*

Tina Kotek | Oregon house speaker



what I came here for.' But ultimately, I think the logical, policy side of me took over, and said, 'OK, while this doesn't feel right, I do think it is right.' And knowing that I had 29 other members of my party who were willing to make that logical choice, I think, was what did it for me too."

Greenlick said he told Kotek he would vote for the bill, but only if needed. They met in private during the break, after which Greenlick returned and changed his vote.

"I hated doing it," Greenlick said after. "It was the hardest vote I've taken in my whole career. I was wor-

ried about the effect it has on teachers. But I also think we needed to do something. I would have been happy to have it done without my help."

Rep. Tiffany Mitchell, D-Astoria, who was elected last year with strong union support, voted for the bill.

The state's retirement plan has two parts: a basic pension and a savings account akin to a 401(k).

Lawmakers voted to reduce the amount of money

employees.

Those increases are expected to leap sharply in the next few years, but the bill passed Thursday would reduce increases by stretching out the amount of time the state has to pay down the debt — from 20 years to 22 years.

## Republican opposition

Republicans, who have long railed against the costs of the state's retirement system, on Thursday changed their tune.

Rep. Gary Leif, R-Roseburg, spoke on the floor against the bill, taking some talking points long used by Democrats. He said he liked some parts of the bill, but he just couldn't get all the way to supporting it because it will "damage" pensions that have already been promised.

"Public employees work very hard for our state," Leif said. "They're our employees. They're our brothers and sisters."

House Republicans overall were reluctant to explain their votes. When the bill passed the Senate, it got the nod from three Republicans. Rep. Cedric Hayden, R-Roseburg, said his caucus was not told how to vote, and all were opposed to the pension reform individually.

He specifically said it "doesn't address the long-term liability debt."

Hayden said about a quarter of public employees are eligible for retirement. He thinks this bill could push more into retirement, therefore bringing new hires in without addressing the root causes of the unfunded liability. He'd rather see a 401(k)

plan.

"While there is no perfect solution, we needed to address the rising rate costs that threaten public employee jobs and critical services," Kotek said in a written statement. "Reducing these rates will result in real savings that will give public employees long-term protection for their retirement security and maintain services that Oregonians rely on."

House Republican Leader Carl Wilson, of Grants Pass, said Thursday's session was a "lesson in rawbone politics."

He compared the bill to refinancing a mortgage, which he said was not a permanent solution to the retirement system's woes.

The courting of votes started well before the afternoon floor session. The bill was a tough sell from the beginning. Rep. Jeff Barker, D-Aloha, voted against it, but just barely. He was in negotiations with Kotek and Gov. Kate Brown before the session. In exchange for his vote, he wanted one bill dead and two passed. He didn't want to detail the bills, but said there was "really intense pressure" to vote for the PERS bill, but Kotek and Brown in the end didn't give him what he wanted.

Speculation abounded immediately after Greenlick's vote, with Capitol insiders saying since he is not running for another term, he's safe from the unions.

"They wouldn't come after me," he said of the unions. "They've been with me, I've been with them for 18 years. They would forgive one vote."

## Court of Appeals hears arguments over Tillamook transmission line

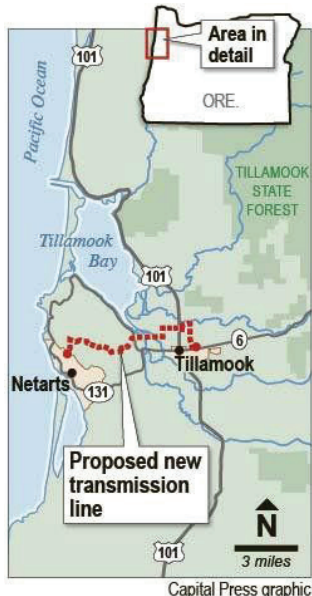
By **MATEUSZ PERKOWSKI**  
Capital Press

Opponents of a power transmission line across farm and forest land in Tillamook County hope to convince the Oregon Court of Appeals the project was improperly approved.

Last year, Tillamook County granted a conditional use permit for the construction of the 9-mile transmission line, which critics claim will unnecessarily disrupt agriculture and forestry in its path.

Tilla-Bay Farms, a local dairy, and the Oregon Coast Alliance, a conservation group, unsuccessfully challenged that decision before the state Land Use Board of Appeals, which in March rejected their objections to the proposal.

The project's opponents believe LUBA wrongly upheld the county's decision, arguing that its approval didn't comply



with the proper standards and procedures under Oregon land use law.

While the complaints about the transmission line's practical effects are straightforward — such as negative health impacts for livestock and interference with spray operations — the oral arguments held Thursday in

Salem pertained to technical aspects of the county's deliberations.

Specifically, the legal questions focused on whether the county could permit a transmission line in estuary zones because it's a development similar to an electrical distribution line.

Tillamook County determined it's unclear whether a transmission line is allowable in such zones, which allowed the local government to analyze and approve the project as a similar use.

Greg Hathaway, attorney for the project's opponents, argued that Tillamook

County's land use ordinance makes clear that transmission lines aren't allowed in estuary zones, so such a similar use approval is unavailable.

"These findings are inadequate," he said. "They don't explain under the circumstances why the ordinance is unclear."

The Tillamook People's Utility District, which intends to build the transmission line, disagrees with this assessment and believes the county's board of commissioners used the appropriate analysis.

"I think the board very

clearly determined that the ordinance was unclear and then it explained why," said Tommy Brooks, attorney for the utility district.

The conduit lines pro-

posed for the project are the same as those used for distribution lines and won't require support structures within the estuary zones, he said.

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