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OUR VIEW

‘Fixing PERS is Job. 1 — and it’s doable’

A new legislative report underscores that PERS could be headed for more trouble. The report from the Legislative Fiscal Office reaffirms that the Oregon Public Employees Retirement System remains highly dependent on investment income for its financial stability. That is not a surprise. However, it should concern Oregon officials, especially in light of the current global economic swings.

Our federal leaders are not helping, with their trade disputes and partial government shutdown. Their lack of fiscal leadership and political cooperation adds to worries that the U.S. will fall into a recession. Where the nation goes economically, so goes Oregon.

The legislative report is based on a study last year from the Pew Charitable Trusts, which compared state pension plans for fiscal 2016. PERS had one of the worst ratios of operating cash flow.

On the other hand, PERS is one of the better-funded public pension plans. Cumulatively, state pension plans amassed a \$1.4 trillion deficit, because they generally are pay-

ing more in benefits than they receive in pension contributions. Poor investment returns also are factors, although PERS has done relatively well.

So ... PERS is not in danger of imminent insolvency, it is in better condition than many state funds but it is more subject to market volatility.

It should be of little comfort that PERS is not as bad off as other public pension funds. PERS’ unfunded actuarial liability forces schools and local governments to cut current jobs and services to pay for pensions. The burden can fall disproportionately on rural Oregon, as is detailed in the winter edition of *The Other Oregon*, a quarterly magazine from EO Media Group.

Rural Oregon also has proposed solutions. Mark Mulvihill, superintendent of the InterMountain Education Service District in Pendleton, has proposed changing state law to allow longtime public employees to collect both their pension and their salary for several years before retirement. Schools and government agencies would benefit from retaining good workers who were considering



Staff photo by Kathy Aney, File
Mark Mulvihill (right) fields questions after a 2015 presentation at the Oregon Leadership Summit at the Oregon Convention Center. Mulvihill, the superintendent of the InterMountain Education Service District, has proposed allowing public employees to draw a pension while working to help pay down PERS liability.

retiring, employees would have more money in the short term, and they and their employer would contribute 6 percent of their salary toward paying down the employer’s PERS liability.

The PERS burden is staggering, and it’s growing exponentially. For Clatskanie and Ontario — cities on opposite sides of the state — the burden is roughly the equivalent of six times the city’s annual payroll, according to 2017 figures from PERS.

That is why the Oregon Business Plan said in a report last month: “Fixing PERS is Job 1, and it’s doable.”

Among the plan’s recommendations: Oregon should again require that public employees contribute 6 percent of their pay to their pension, similar to what most states do. Oregon could move to a defined-contribution system, like a 401(k), for future employees. The state also could give current employees a choice of staying with PERS or switching to a 401(k).

All are solid ideas. All are reasonable. Only one thing is missing so far — leadership from Gov. Kate Brown and the Legislature.

OTHER VIEWS

When Democrats embraced the ‘southern border fencing strategy’

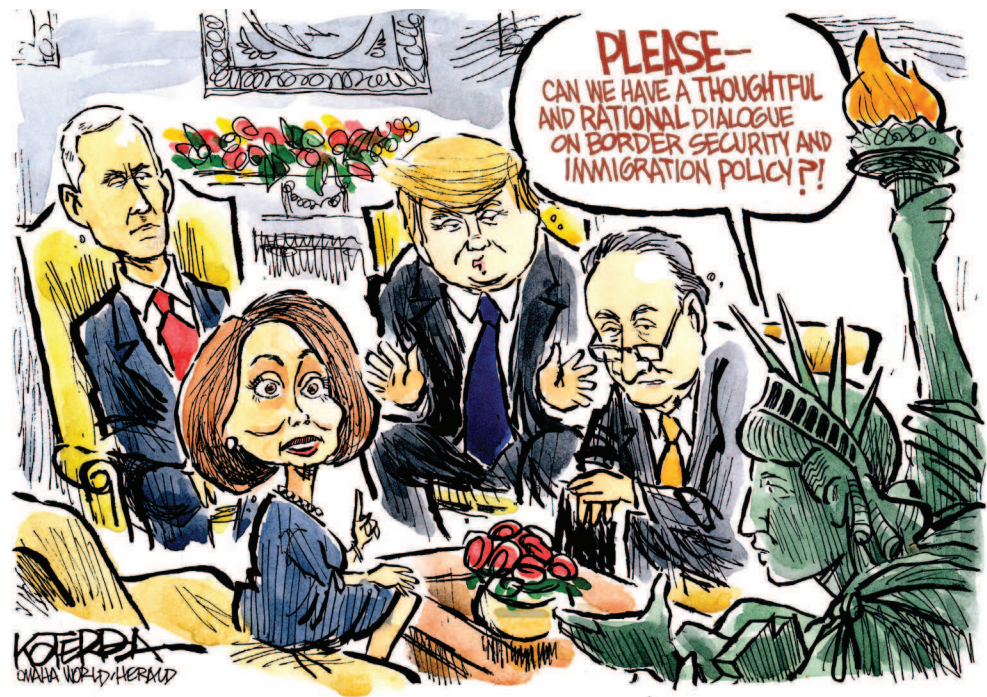
In 2006, Congress passed the Secure Fence Act, which mandated the construction of multilayer pedestrian fencing along about 600 miles of the U.S.-Mexico border. It passed with big, bipartisan majorities: 283 votes in the House and 80 in the Senate. Some top Democrats who are still in the Senate today supported the fence: Charles Schumer, Dianne Feinstein, Ron Wyden, Debbie Stabenow and Sherrod Brown.

Just the next year, Congress made clear it didn’t really mean what it said. The new law was amended to make fence

building optional.

In 2013, Congress got back into the fence game. The “Gang of Eight’s” comprehensive immigration reform bill included something called the “Southern Border Fencing Strategy.” It called for 700 miles of at least single-layer pedestrian fencing along the border. It wasn’t a stand-alone measure; the fence was to be part of a broader package of border security measures, alongside provisions that would create a process by which the nation’s 11 million illegal immigrants would ultimately gain a path to citizenship.

With citizenship in the deal — even citizenship that would take a decade to achieve in some cases — Democrats were fully on board for a border barrier. The Gang of Eight bill passed with unanimous Democratic support in the Senate. Name any Democrat who is in the Senate today who was there for that 2013 vote — Schumer, Durbin, Murray, Baldwin, Bennet, Blumenthal, Brown, Cantwell, Cardin, Casey, Coons, Feinstein, Gillibrand, Hirono, Kaine, Klobuchar, Leahy, Manchin, Menendez, Merkley, Murphy, Reed, Sanders, Shaheen, Stabenow, Tester, Warner, Warren, Whitehouse, Wyden — name any,



and they voted for the bill that included the Southern Border Fencing Strategy.

In the House, the Republican leadership blocked the Gang of Eight bill from coming to a vote. But the overwhelmingly majority of House Democrats were said to be in favor of it, so there is no doubt that had the bill been put to a vote, House Democrats, like their counterparts in the Senate, would have supported the fencing provision.

Had it become law, the bill would have given a provisional legal status to illegal immigrants who did not have criminal records. But the Gang of Eight said that border security measures, including the fence, had to be funded and built before those illegal immigrants could be given permanent legal residence in the United States.

The Department of Homeland Security could not grant permanent status, the bill said, until six months after it certified “that there is in place along the Southern Border

no fewer than 700 miles of pedestrian fencing which will include replacement of all currently existing vehicle fencing on non-tribal lands on the Southern Border with pedestrian fencing where possible.”

The Gang of Eight bill passed the Senate in June 2013, five and a half years ago. Now, many Democrats say there are no circumstances under which they would support President Trump’s proposal for a border wall proposal — even if it is, in fact, a fence, or barrier, or whatever Democrats would prefer to call it. Many observers have noted that the Democratic Party has changed dramatically in the last half-dozen years or so, and one of the areas in which that change has been most pronounced is immigration. On that issue, the party has moved far left.

Today, Democrats will not even support a relatively small amount of money, \$5 billion, to build a portion of the barrier that Trump wants. A possible deal —

wall funding in exchange for DACA legalization — fell through earlier this year, in part, because Trump added new demands to the wall proposal, but also because a federal judge in California stopped the president’s move to rescind DACA. It was at best a questionable decision — the court said a president cannot use executive action to undo an executive action of a previous president — but it was later backed up by other courts, and it gave Democrats the assurance that they might get what they want from the courts without having to give away anything in a deal with Trump.

And now the Democratic position appears to have hardened further still. Nancy Pelosi recently called a border wall “immoral.” How could her party make any deal to support, even a little bit, something her colleagues believe is immoral? It is unclear whether Pelosi thinks all the barriers currently in place on the U.S.-Mexico border are immoral, but it seems clear that she would never support any new ones.

The U.S.-Mexico border is nearly 2,000 miles long. Significant parts of it are so rugged that barriers are simply unnecessary. According to the Border Patrol, there are now 354 miles of single fence along the border. There are 37 miles of double-deep fence and 14 miles of three-deep fencing, for a total of 405 miles of pedestrian fencing. In addition, there are 300 miles of vehicle fencing, which keeps cars and trucks from crossing the border but allows people to move freely.

The Gang of Eight bill would have replaced that with 700 miles of pedestrian fencing, some of it multilayer. Now, amid a partial government shutdown, Trump, despite his years of talk about a “wall,” would very likely take such a deal. The question is whether there are any circumstances under which Democrats would ever agree to what they once supported.

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