



Ben Lonergan/East Oregonian, File

Sen. Ron Wyden, D-Oregon, left, listens to Debbie Radie, vice president of Boardman Foods, center, during a tour Aug. 31, 2021, of the Neal Early Learning Center in Boardman. A bill in the Oregon House to change how the state fills vacancies of its U.S. senators recently set off a wave of speculation that Wyden could opt out of his 2022 reelection bid or not serve his full six-year term if elected.

Mystery bill fuels speculation on Wyden's future

By GARY A. WARNER
Oregon Capital Bureau

SALEM — A mystery proposal to change how Oregon fills vacancies of its U.S. senators set off a wave of speculation that Sen. Ron Wyden, D-Oregon, could opt out of his 2022 reelection bid or not serve his full six-year term if elected.

The questions about Wyden, 72, and the proposal intensified Feb. 1, when the proposal was on the agenda of the House Rules Committee in its first meeting after the beginning of the 2022 session.

It appeared as "LC 282" on a short list of four committee bills, a controversial form of submitting legislation without including the name of the bill's author or who is requesting the action.

"Why are we doing this now?" asked House Minority Leader Vikki Breese Iverson, R-Prineville, who is vice-chair of the Rules panel.

Rep. Barbara Smith Warner, D-Portland, the committee chair, had little information about the gestation of the idea, other than it came to the panel as a request from a source she didn't identify.

Wyden spokesperson Hank Stern said the Twitter-driven scenarios were "silly and uninformed."

"Sen. Wyden is running hard to win reelection to a full six-year term," Stern said. "He will serve a complete six-year term if reelected."

Oregon is one of five states where the departure or death of a sitting U.S. senator requires a special election to fill the seat, which remains vacant in the meantime.

The proposal would allow the governor to align the replacement of a U.S. Senator with the current system for replacing Oregon's executive officers.

The governor names a replacement drawn from the same political party as the

person who had the seat. An election to fill the unexpired portion of the officeholder's term is held at the next general election.

The proposed legislation that would allow the governor to choose an interim senator was circulated by bloggers and Twitter-users, including the popular Oregon conservative website, Oregon Catalyst.

GOP activists speculated it could be a vehicle for a Democratic governor to replace Wyden if he either withdrew from the 2022 race prior to the general election or won re-election and didn't finish his new term.

Stern said Wyden does not know where the proposal came from and has no role in its drafting, presentation or possible introduction.

After the House Rules Committee meeting, the legislation remained in committee with no further action scheduled.

Wyden has \$10 million in his campaign fund, and declared his intent to run for reelection in a Federal Election Commission document filed at the beginning of 2021. He filed a statement of candidacy with the Oregon Secretary of State on Jan. 26.

Wyden first went to Capitol Hill when he challenged incumbent U.S. Rep. Bob Duncan, D-Portland, in the 1980 Democratic primary for the 3rd Congressional District.

Wyden won the primary and then defeated Republican Darrell Conger that November.

When U.S. Sen. Bob Packwood, R-Oregon, resigned in 1995 amid a sexual harassment scandal, Wyden won a special election to fill the seat, the first vote in Oregon done entirely by mail ballot.

Wyden has been elected to four terms as senator. If he were to win election in 2022, he would serve until January 2029, when he would be 79.

Growth boosts status of public pensions

By PETER WONG
Oregon Capital Bureau

SALEM — Oregon's projected unfunded liability for public pensions apparently shrunk significantly last year, mostly attributable to healthy investment earnings that pushed the fund past the \$100 billion mark for the first time in its 75-year history.

A final accounting will come later this year, but preliminary numbers for 2021 peg the unfunded liability at either \$19.7 billion or \$14.4 billion, depending on whether "side accounts" are excluded or included. Side accounts are amounts of money that participating governments set aside to cover part of their future pension liabilities, but not all of the 900 government employers in the Public Employees Retirement System have set up such accounts.

The comparable figure for 2020 was \$28 billion.

The PERS fund was at \$85.4 billion in December 2020; the preliminary figure one year later is \$100.4 billion. Its investments go beyond common stocks, which PERS started back in 1973, to other things. Oregon has one of the nation's largest public pension funds.

"It's a good marker to know what the investment returns of last year did," said Scott Preppernau of Millman, the firm that does the actuarial work for the system, in a Jan. 31 report to the PERS board. "Clearly a strong asset year makes a significant improvement in these results over a one-year time frame."

A decade ago, under



Bryan M. Vance/Oregon Public Broadcasting, File

The Oregon Public Employees Retirement System building in Tigard. Strong investment earnings in 2021 cut Oregon's projected unfunded liability for public pensions significantly.

then-Treasurer Ted Wheeler, the Oregon Investment Council changed its strategy so that the PERS fund will not grow as much when financial markets surge, but also does not drop as much when markets plunge. The change emerged after the Great Recession, when the PERS fund lost 28% of its value as it declined from \$66 billion in December 2007 to a low of about \$48 billion in March 2009. It took several years for the PERS fund to get back to its pre-recession level.

PERS Board Chairwoman Sadhana Shenoy said Oregon's long-term liability for public pensions hasn't gone away, given that the funded status of the system is still below a target of 90%.

"We have a long way to go," she said. "But this shows that one good year gives us a little bit of respite."

Rate-setting is next

The valuation of the PERS fund as of Dec. 31 will be a factor when the

board sets pension contribution rates for the 900 participating governments for the 2023-25 budget cycle, which starts July 1, 2023. The board will likely set those rates at a Sept. 30 meeting.

However, the average rate of 17.9% is likely to be maintained, instead of reduced. The board changed its policy last year so that increasing the funded status of the system to a specified target of 90% takes priority over lowering contribution rates.

The "average rate" is a misnomer, because no participating government pays it.

Rates are determined by the mix of employees within a government agency, based on when they were hired and whether they are classified as public safety employees, who qualify for higher pensions upon retirement but also require higher rates than other employees for pension contributions. State law defines "public safety employees" for pension purposes. Rates tend to be higher

for governments with a greater share of employees hired before August 2003 — although those numbers have declined because of retirements — or those with more public safety employees, such as police, sheriff's deputies and firefighters.

Of the 228,000 public employees covered by the system as of mid-2021, PERS reports that more than 162,000 of them were hired after the Oregon Legislature overhauled the system in 2003. The rest, all hired before then, fall into more generous defined-benefit plans from prior years.

But of the 156,500 retirees as of the end of 2020, most of them (130,000) get benefits under a pre-1996 plan and are classified as Tier 1. Another 18,000 get benefits under a plan (Tier 2) that is in effect from January 1996 to August 2003.

The retirement plan that applies to most now blends contributions from employees and their employers in what are known as individual account plans.

Contribution rates for participating governments also are "collared," which means part of the increase is carried over into future budget cycles, so that participating governments do not get hit with the full amount in a single cycle. The board approved a change last year in how rates are calculated for the collar, which limits what a rate increase would be otherwise.

"Emotion is not part of being an actuary," said Matt Larrabee, also of Millman. "But we are happy that the rate-collar structure is performing for this first biennium (two-year cycle)."

Nike co-founder gives \$250K to Johnson campaign

By GARY A. WARNER
Oregon Capital Bureau

BEAVERTON — Nike co-founder Phil Knight threw his wallet into the 2022 political ring Thursday, Feb. 3, giving \$250,000 to Betsy Johnson's campaign for governor.

Knight's contribution made the biggest splash into a growing pool of campaign cash for 2022 campaigns for governor.

Oregon's open-ended financing laws allow contributions of any size to candidates as long as they are reported to the Secretary of State.

The numbers so far are just a drop in a possible flood of cash. The 2018 race won by Gov. Kate Brown over Republican Knute Buehler, the former state representative from Bend, generated almost \$40 million in contributions.

Knight contributed \$2.5 million directly to Buehler's campaign. When Buehler

left the Republican party and announced his endorsement of Johnson on Dec. 15, speculation grew whether Knight's financial support would follow.

Christine Drazan, the former House Republican leader from Canby who gave up her seat to run for governor, said fundraising is a constantly moving target depending on what opponents are receiving and the ability of some to self-finance their efforts.

During a Wednesday campaign stop in Madras, Drazan said she had no set goal beyond the \$1 million that she has raised so far.

"Whatever it takes, we will raise it," she said.

Fueling the raising and spending machines are the absence of an incumbent on the ballot for the first time since 2010. Brown cannot run again because of term limits.

As of this week, the governor's race has attracted 31 candidates: 15 Republicans, 13 Democrats, two non-affiliated and one Independent.

That's not counting Democrat Nicholas Kristof, the ex-New York Times columnist who was knocked off the ballot when Secretary of State Shemia Fagan determined he didn't meet the residency requirement to run.

While Kristof's status is in limbo, his fundraising has continued non-stop. He's raised just over \$198,000 since Jan. 1.

Adding to the final money-spending binge is the likelihood of a three-way race in November between the winners of the Democratic and Republican primaries in May, and Johnson, who can wait to see who survives the crowded field.

Under Oregon campaign law, she won't be on the ballot



Johnson

in the May primary. She must collect nearly 25,000 valid signatures of Oregon voters to submit to the secretary of state by the end of August. If the signatures are verified, she would go on the November general election ballot as an unaffiliated candidate.

Johnson leads the pack with just under \$3.58 million in the bank. Along with Knight's contribution, she also reported receiving \$100,000 on Wednesday from Columbia Sportswear CEO Tim Boyle.

In the Democratic primary field, former House Speaker Tina Kotek, D-Portland, has reported \$908,202 in the bank. Labor union political action committees were the biggest givers so far in 2022, with \$50,000 from the PAC of the Laborers' International Union of North America and \$15,000 from the union-backed Oregonians to Maintain Community Standards, which lists its goal as ensuring a living wage for Oregon workers.

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