

# \$24 billion PERS liability will make recovery harder

Oregonians don't need reminding how much worse slipping into a recession can be when they are loaded up with debt. It's a bad combination we wouldn't wish on anybody.

But Oregon's state government has brought just that sort of combination on to the state's taxpayers because of the state's \$24 billion Public Employees Retirement System debt.

The COVID-19 pandemic is not something legislators or Gov. Kate Brown anticipated. They can hardly be blamed for that. When they are making the difficult choices to cope with COVID-19, though, those choices will be tougher because of that \$24 billion hanging over the state.

Let's be clear. PERS does provide a valuable service to the state. Since 1945, it's been providing retirement benefits to state workers. They deserve good retirement benefits. Contrary to what you might have heard, the average annual benefit is about \$31,000 a year, and most beneficiaries receive \$3,000 a month or less. Yes, there are some crazy payouts of more than \$9,000 a month to some recipients — about 1,600 people. And we'd also rather see pension benefits work more like a 401(k) than some parts of the state retirement system.

The \$24 billion debt isn't exactly like a credit card debt. It's the money the state will have to have to meet its pension obligations in the future that it doesn't anticipate having.

That unfunded liability is covered in two ways, essentially. The first are payments from employers with PERS employees. For instance, most

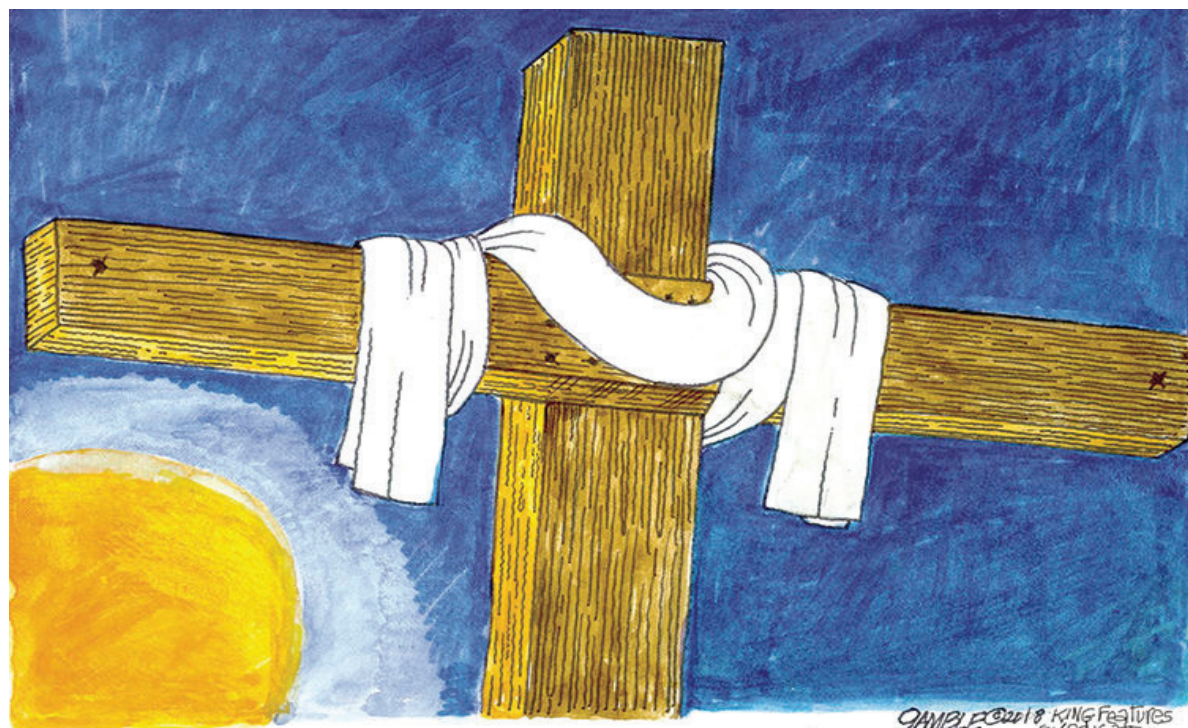
local school districts make payments to cover the PERS benefits of their employees. Employers are contributing sizable portions of their payroll.

That's a big chunk of money, and it may well get bigger. That's because the other way that unfunded liability is covered is from the performance of state investments. Investment returns provide about 75% of the money to pay PERS benefits. What just happened to the stock market? It plummeted. The PERS board had assumed the rate of return on its investments would be 7.2%.

Will the market come rushing back up? Let's hope so. Because if investment returns are low, that \$24 billion unfunded future liability will grow. School districts, local governments and state governments will have to pay even higher percentages of payroll just to cover PERS benefits. And that will mean less money for school supplies and computers, less money to pave roads and less money to pay state expenses from the COVID-19 pandemic.

The PERS reforms passed by the Legislature and signed by Gov. Brown in 2019 were a step in the right direction. Those reforms, though, achieved most of their savings by putting off when the PERS debt would be paid.

How bad do things have to get before legislators do more to address the PERS debt? To put the state on better financial footing to handle a crisis? We know Gov. Brown and lawmakers have a more immediate emergency to deal with now. That \$24 billion just makes it harder.



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## GUEST COMMENT

# Economic stimulus information for small businesses

All small business owners to some degree (many severely) are being negatively affected by the overnight economic shutdown due to the COVID-19 virus. Fortunately, there are programs to assist small business owners and their employees.

Information regarding these programs has been changing frequently. The two main stimulus programs are the Economic Injury Disaster Loan and the Paycheck Protection Program, which is part of the recently passed \$2 trillion CARES Act. The following information came from the Small Business Administration.

### Economic Injury Disaster Loan

- The EIDL now offers up to a \$10,000 grant (loan advance), which does not need to be repaid if the money is spent on paid leave, maintaining payroll, increased costs due to supply chain disruption, mortgage or lease payments or repaying obligations that cannot be met due to revenue losses. The website to directly apply is: covid19relief.sba.gov/#

- Important: The grant is a new aspect of the EIDL loan, so if you applied prior to the grant being offered, you must reapply to request consideration for the grant at the website listed above.

- Funds for the loan advance will be made within three days of a successful application and will not have to be repaid.

- The interest rate for the remainder of the loan awarded is 3.75%.

- Businesses can get both an EIDL loan and Paycheck Protection Program loan as long as they don't pay the same expenses. Be sure to check with your financial



Greg Smith

adviser or lender before taking both loans if you are not sure of the specifics.

### Paycheck Protection Program

#### How does the program work?

Currently, the SBA guarantees small business loans that are given out by a network of more than 800 lenders across the U.S. The Paycheck Protection Program creates a type of emergency loan that can be forgiven when used to maintain payroll through June and expands the network beyond SBA so that more banks, credit unions and lenders can issue those loans. The basic purpose is to incentivize small businesses to not lay off workers and to rehire laid-off workers that lost jobs due to COVID-19 disruptions.

#### What types of businesses are eligible?

The Paycheck Protection Program offers loans for small businesses with fewer than 500 employees, select types of businesses with fewer than 1,500 employees, 501(c)(3) non-profits with fewer than 500 workers and some 501(c)(19) veteran organizations. Additionally, the self-employed, sole proprietors and freelance and gig economy workers are also eligible to apply. Businesses, even without a personal guarantee or collateral, can get a loan as long as they were operational on Feb. 15.

#### How big of a loan can I get and what are the terms?

The maximum loan amount under the Paycheck Protection Act is \$10 million, with an interest rate no higher than 4%. No personal guarantee or collateral is

required for the loan. The lenders are expected to defer fees, principal and interest for no less than six months and no more than one year.

#### Can these loans be forgiven?

Yes, small businesses that take out these loans can get some or all of their loans forgiven. Generally speaking, as long as employers continue paying employees at normal levels during the eight weeks following the origination of the loan, then the amount they spent on payroll costs (excluding costs for any compensation above \$100,000 annually), mortgage interest, rent payments and utility payments can be combined and that portion of the loan will be forgiven.

Small business owners can apply right now for the EIDL loan, but as of this date, the CARES Act is still being enacted and isn't available right now—but will be soon.

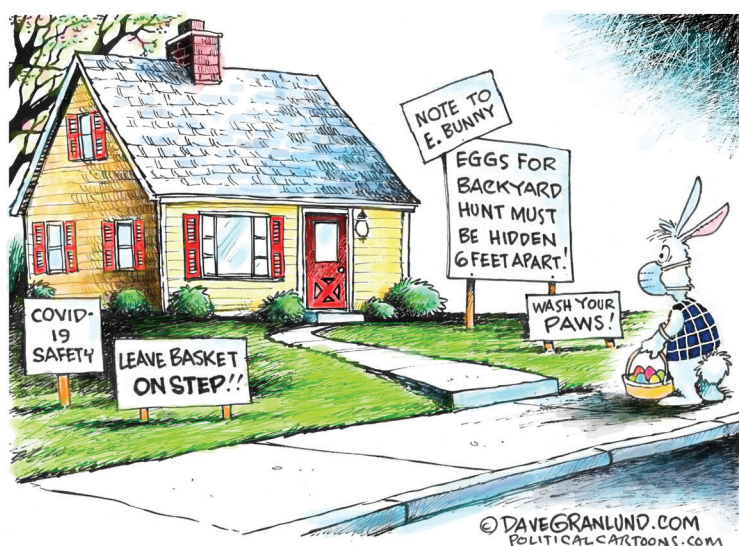
#### One-time \$500 grant for restaurant workers

This grant application opens April 2 and funds will be administered on a first-come, first-served basis. To apply and for more information visit: <https://rerf.us/>

Please reach out to us if we can assist you in any way. As mentioned above, the CARES Act is still being enacted and both programs are evolving, but we will do our best to keep business owners informed of the latest information.

We are actively working with our partners at Business Oregon, the SBA, lenders, chambers of commerce and other business organizations. We can be reached by calling 541-962-1532 or emailing [eousbdc@gmail.com](mailto:eousbdc@gmail.com).

Greg Smith is the Eastern Oregon University Small Business Development Center director



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## WHERE TO WRITE

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### SALEM

- **Gov. Kate Brown, D** — 254 State Capitol, Salem 97310. Phone: 503-378-3111. Fax: 503-378-6827. Website: [governor.state.or.us/governor.html](http://governor.state.or.us/governor.html).
- **Oregon Legislature** — State Capitol, Salem, 97310. Phone: (503) 986-1180. Website: [leg.state.or.us](http://leg.state.or.us) (includes Oregon Constitution and Oregon Revised Statutes).
- **Oregon Legislative Information** — (For updates on bills, services, capitol or messages for legislators) — 800-332-2313.

## LETTERS TO THE EDITOR

### 'Lady Liberty is blindfolded for a reason'

To the Editor:

It appears that my previous letter to the editor submitted in March struck a nerve with Sheriff Palmer. I was advised that he authored a long, rambling diatribe on his personal Facebook page defending his naming of additional "special deputies." In reading the post by Sheriff Palmer, two things became abundantly clear. One, Sheriff Palmer clearly does not proof read his musings before hitting send. Two, and of much more consequence, is that he stated in his Facebook post that he named two current county commissioners, Sam Palmer and Jim Hamsher, to be "special deputies" for the sheriff's office. It might be understandable that Sheriff Palmer would not see this obvious conflict of interest, but I would like to think that the commissioners, who oversee a large county budget, would have enough common sense to realize this fact and decline.

The duties of the commissioners include budgetary oversight of all county agencies, including

the sheriff's office. How can Sam Palmer and Jim Hamsher objectively oversee the sheriff's department when they are de facto members of that department? Additionally, do Sheriff Palmer's squad of "special deputies" have access to confidential police databases used by law enforcement for legitimate inquiries?

I have only been a citizen of this county for about five years, but I believe that the people of Grant County deserve a professionally run sheriff's office that understands that Lady Liberty is blindfolded for a reason. Sadly, my observations over the past five years of how Sheriff Palmer runs his department run contrary to these basic standards.

Steve Smartt  
John Day

### Be more thankful and less critical

To the Editor:

I want to address the grumblings I have heard concerning the increased prices at our local Chester's Thriftway in John Day.

These are tough times we are going through. Everyone is experi-

encing difficulties from not being able to go through our day with our normal activities, to finding the food and supplies we are used to seeing on our store shelves. None of this was due to anything any of us have done or could have prevented. Having been an owner of a restaurant and store in the past I know the struggles these businesses are going through to stay open to serve our needs. They are not only putting their health at risk but also finding it difficult to financially try to sustain their businesses. The prices of their shipments have gone up if they can get their needed products at all. If you see increased prices at the grocery stores or your local restaurants just know they are not gouging you, they are simply trying to stay in business so they can serve our needs.

We need to remember that when we have fundraisers or need donations of any kind our local businesses are the first to divvy up.

Let's all take a moment to be thankful for what we have and less critical of those who are working hard and putting their health on the line to serve us.

Rusty Clark  
Monument



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