

Brown pushes for 'working families' agenda in final year

By PETER WONG
Oregon Capital Bureau

SALEM — Gov. Kate Brown called on lawmakers to approve more money for job training, lower-cost housing and child care in her final State of the State address Thursday, Feb. 3.

In her seven years as chief executive, Brown has governed during the 2020 Labor Day wildfires that devastated Oregon, racial justice protests and a coronavirus pandemic that sent the state's economy into a tailspin — but now is at near record-low unemployment.

"Too many Oregonians have struggled to find good-paying careers," she said, particularly the poor, people of color and rural residents who have not shared in the recovery. "Our economy is strong, and we must keep it humming. Most importantly, we have to make sure that every Oregonian feels it."

Brown renewed her call for \$200 million for Future Ready Oregon — a plan to target job training in health care, construction and manufacturing — plus \$400 million more for housing initiatives and \$100 million more for child care.

Although governors usually deliver State of the State addresses to a joint session of the Legislature or another live audience, the pandemic has forced Brown to do so virtually the past two years.

One more year

Brown was secretary of state when, seven years ago this month, she succeeded John Kitzhaber, who resigned under pressure amid an ethics scandal just 38 days into his fourth term. (There was a 12-year gap between his second and third terms.) Brown is barred by term limits from running again this year; she will leave office Jan. 9, 2023.

"In my last year as governor, I view every day, every moment, as one more opportunity to focus on the big and bold work we still have to do for Oregon's working families," she said.

"I am dedicated to building a strong work force for Oregon. I will bolster that work force by providing access to child care so that parents can go to work knowing their



Dave Killen/The Oregonian, File
Oregon Gov. Kate Brown spoke at a "Re-opening Oregon" celebration at Providence Park in Portland on June 30, 2021. Brown gave her final State of the State address on Thursday, Feb. 3, 2022.

kids are cared for. And I will marshal my colleagues to once again make a significant investment in affordable housing. These three investments work together to ensure every working family can thrive."

She has called for spending of an unanticipated \$1.5 billion in tax collections generated by a strong economy. But she and legislative leaders have agreed to set aside \$500 million, mostly from federal pandemic recovery funds, to balance the 2023-25 budget. That budget will be put together mostly while Brown is still governor, although her successor will have until Feb. 1 to propose changes.

Brown also touched on the private accords which she and her staff mediated between the timber industry and environmental advocates to resolve disputes going back four decades over the fate of 10 million acres of Oregon's forests. Both sides agreed to protect sensitive species and create a habitat conservation plan. Brown has asked for \$35 million to start work on streamside habitat, plus \$121 million to sever the link between the Elliott State Forest and the Common School Fund, earnings from which are distributed to schools. The State Land Board seeks to transfer the south coast acreage to Oregon State University for a publicly owned research forest.

Pandemic affects popularity

Brown has the lowest popularity ratings of any of the nation's governors,

although other recent Oregon governors such as Republican Vic Atiyeh and Democrats John Kitzhaber and Ted Kulongoski also saw sharp declines late in their second terms. One factor has been state coronavirus restrictions, which have drawn sharp public criticism and even Capitol protests. State police troopers turned away all but a handful of unmasked people who sought to enter the Capitol as the Legislature opened its 2022 session on Tuesday.

Brown lifted most of her executive orders on COVID on June 30. But her emergency authority remains in place, as does a requirement for wearing masks indoors.

More than 6,000 Oregonians have died of COVID-19. But Brown said it could have been far worse:

"Oregon has fared better than most," she said. "We remain third in the nation for lowest cumulative case counts. If our response to COVID matched that of the average state, more than 4,000 Oregonians wouldn't be with us today. We continue to be among the top states for getting shots in arms and administering boosters."

"And all three branches of government came together to get money to renters in need. In less than a year, we have helped more than 90,000 Oregonians stay safely in their homes."

"That's not to say it hasn't been hard. It has been utterly heartbreaking at times."

But Brown — who said last week she does not plan to endorse a candidate in the May 17 Democratic primary — had a closing message.

"To all the future governors of our state. To the elected leaders who will come next. To our future business and community leaders, and youth who will follow our footsteps. Let me leave you with this: find the opportunity, even in times of crisis. Especially in times of crisis."

"That's how we continue on this journey of transformational change for Oregon. That's how we pursue justice. That's how we heal divides and collaborate in ways that serve our state. That's how we honor this beautiful place we call home."

Mystery bill fuels guessing game on Wyden future

GARY A. WARNER
Oregon Capital Bureau

SALEM — A mystery proposal to change the way vacancies among Oregon's U.S. senators are filled has set off a wave of speculation that Sen. Ron Wyden, D-Oregon, could opt out of his 2022 re-election 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 of the 2022 session.

It appeared on a short list of committee bills, a controversial form of submitting legislation without 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 Iversen, R-Prineville, vice-chairwoman of the rules panel.

Rep. Barbara Smith Warner, D-Portland, had little information about the gestation of the idea, other than

it came to the committee as a request from a source she didn't identify.

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 withdrew from the 2022 race prior to the gen-

eral election or won re-election and didn't finish his new term.

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

"Senator Wyden is running hard to win re-election to a full six-year term," Stern said. "He will serve a complete six-year term if re-elected."

Stern said Wyden does not know where the proposal came from and has no role in its presentation or action to change the law.

After the House Rules Committee meeting on Feb. 1, 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 re-election in a Federal Election Commission document filed at the beginning of 2021. He formally filed to run on Jan. 26 when he filed a statement of candidacy with the Oregon Secretary of State's Office.

Wyden challenged incumbent U.S. Rep. Bob Duncan,

D-Portland, in the 1980 Democratic primary for the 3rd Congressional District. Wyden won 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.

Wyden has raised \$10 million since he was last re-elected in 2016 and reported this month that he ended 2021 with \$7.2 million in the bank.

The totals dwarf all other challengers. The one Democrat and seven Republicans who have filed to run against Wyden have raised \$168,000, combined.

The deadline to file to run for the U.S. Senate and several other federal and state offices in Oregon is March 8.

The primary for both parties is May 17.

Earnings gains cut PERS liability

By PETER WONG
Oregon Capital Bureau

SALEM — Oregon's projected unfunded liability for public pensions apparently shrank 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 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 current 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 was 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)."

PHOTO CONTEST

Local Photos by Local Folks

WANTED: Local Photos taken by Local Folks

Send in your photos to be showcased in the 2022 Explore Grant County.

Send photos to: office@bmeagle.com & editor@bmeagle.com

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