

Stop the foolishness and pass PERS reform

By East Oregonian Editorial Board | Posted: Thursday, May 2, 2013 5:34 pm

The governor is back in town after an overseas trip to Bhutan to study that kingdom's concept of "gross national happiness." The state Legislature is halfway through its general session in Salem having tackled such pressing issues such as raccoon feeding, community poker rooms, Internet dating and the state microbe.

Meanwhile, schools and local government throughout Oregon are cutting jobs and slashing budgets to cover the rising costs of the state retirement system. Perhaps it's time to change our state's motto to: "Dare to be irrelevant."

Our elected officials are running out of time to address the core problem facing local government and Oregon taxpayers: the cost and sustainability of the Public Employee Retirement System (PERS).

Gov. Kitzhaber originally championed a PERS reform plan that addressed the key challenges facing PERS: costs that are expected to jump by \$900 million over the next two years and \$14 billion in unfunded future liability.

Yet he quickly abandoned his own plan and threw his support to another fashioned by Democrats leaders.

That proposal would save only \$450 million. Worse, Democrats proposed to skip payments to the fund — an accounting gimmick that would have increased the pension shortfall in future years.

Democrats attempted to shove their plan through the Legislature. House Speaker Tina Kotek never allowed opposing plans a hearing — including those offered by the governor, Republicans and the Oregon School Boards Association.

Thankfully, Kotek's tactics backfired. No Republicans would support her accompanying budget plan. She needed only two votes.

PERS reform and the state budget now will be hammered out by legislative heads from both parties. Needed are equal amounts of compromise and adult leadership, both of which are in short supply in Salem.

True reform of PERS would:

- Recognize that Oregon's state pension system is in deep trouble. Its future costs are disproportionate to the size of the state economy compared with other states.
- Rebuff attempts to raise taxes without clear-eyed strategies to significantly reduce future costs.
- Reject calls to increase levels of contributions from cities, counties and school districts. That is

money they don't have.

— Avoid accounting tricks and unrealistic assumption on investment returns. Those only put more strain on an unstable system.

With adjournment only eight weeks away and public employee union leaders threatening lawsuits, legislators will be tempted to delay reform for another day. But you can't wish this problem away.

As a recent blogger noted: "Don't kick the can down the road. We're running out of road."