

( ORIGINALLY PUBLISHED: SUNDAY, FEBRUARY 17, 2013 )

## Big benefits, small economy

PERS' unfunded liability is a problem, but so is the system's generosity, which is a relatively large burden for a state with limited economic power

Because words have their limits, consider the two bar graphs below. They show, in rough fashion, the generosity of state public pension systems relative to the economies that support them. In Oregon, a Prius economy is towing a PERS yacht.

The PERS debate since Gov. John Kitzhaber released his budget last year has focused on the retirement system's unfunded liability, which is the difference over the long term between the money the system expects to shell out to retirees and the money it's expected to have. The gap, somewhere between \$14 billion and \$16 billion over 20 years, is what's been driving up PERS bills for school districts, local governments and so on.

That's not what these graphics are about. They show total pension fund liabilities, which in Oregon are largely funded, notwithstanding the long-term gap, compared with total personal income. As the three-state graphic indicates, Oregon's PERS liability is roughly the same as those in Colorado and Washington, but the Beaver State's economic engine is much, much smaller.

The graphs are part of a presentation ECONorthwest put together for a coalition led by the Oregon School Boards Association. ECONorthwest President John Tapogna likens Oregon's situation to that of a middle class family that shells out for a Cadillac Escalade and makes the payments regularly — but doesn't have enough money left over to patch the house's leaky roof.

These graphs do have their limitations. The 2010 pension fund data, taken from a 2012 study by the Pew Center on the States, reflect state-sponsored pension plans. But in some states, large groups of public employees are on local pension plans. If the 50-state graph reflected the cost of all public employee pension plans, says Tapogna, states such as New York, where New York City maintains a separate plan, would be much closer to Oregon. But we'd still be in the top tier, he says.

ECONorthwest used Washington and Colorado as companion states for Oregon, because the states' pension liabilities are similar in size and because their state-sponsored pension plans cover roughly the same percentage of public employees.

So what do these graphs suggest about PERS and legislative proposals to trim its costs? They suggest that Oregon's pension system is a greater burden for the state's economy than state-sponsored pension systems in most other places. One way to address this problem over the long term is to add jobs and boost incomes in Oregon. One way to do it in the short term (and the long term) is to decrease the system's liabilities, as Kitzhaber has proposed to do, most notably by applying cost-of-living increases only to the first \$24,000 of retirees' benefits.

EDITORIAL

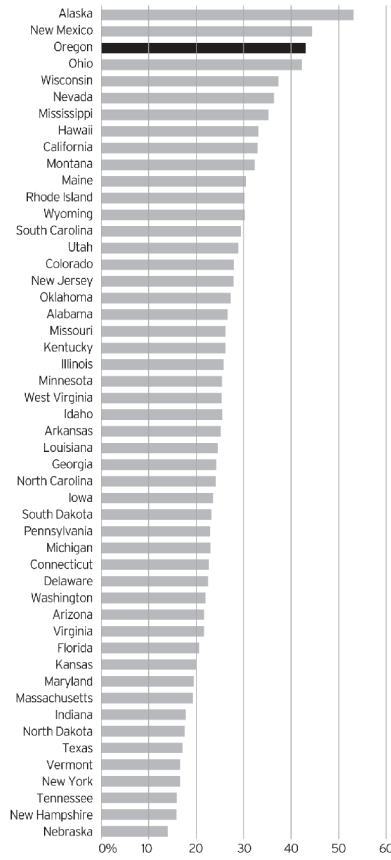
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**Agenda 2013**  
Fix PERS

# Big benefits, small economy

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Accrued pension liabilities as a share of total personal income, 2010



Source: Pew Center on the States, Bureau of Economic Analysis THE OREGONIAN

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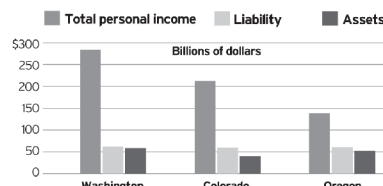
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Retirement burdens in three states, 2010



Source: Pew Center on the States, Bureau of Economic Analysis THE OREGONIAN



Read more of The Oregonian editorial board's priorities at [ORne.ws/editorial-agenda-2013](http://ORne.ws/editorial-agenda-2013)

**The Stump**

'The Feminine Mystique'

**Guest opinion:** Andrea Peltosalo describes life in the 1960s and why Betty Friedan's book still matters 50 years later: "There were no women lawyers, doctors, engineers, bankers, accountants, politicians or columnists. Well-educated, smart white women who had to work dressed up in their suits, heels and stockings every day and worked for **church-mouse wages** as bank tellers, secretaries, teachers, salesladies and nurses (my mother included). White women who were less well-educated worked for even less as cashiers, cooks, waitresses, etc. The ratio of men to women's wages at the end of that decade was 59 cents on the dollar for similar work (although few jobs qualified as such)."

**Letter:** "Although I was neither wealthy (making ends meet for our family was a challenge) nor privileged (my 24/7 duties left me feeling tired, rather than privileged), Betty Friedan's book resonated with me. At that time, there was a pervasive **disrespect and trivialization** of women that permeated all levels of society," writes Nancy S. Brown of Southeast Portland.

Read and comment at The Stump.

A 'Clockwork' nature

David Ignatius analyzes the impact of Middle Eastern youth street gangs on social stability through the lens of "A Clockwork Orange."

Read and comment at The Stump.

Paid sick leave

"So The Oregonian thinks we don't need a paid sick leave legal requirement and that we should just leave it to consumers who like the idea of paid sick leave to choose to spend their money in places that provide it ('Use creativity, not cudgel, on sick leave,' Feb. 11). Brilliant idea. Come to think of it, why not just repeal every law designed to **protect workers and consumers**, and let consumers do the work?" writes Steve Novick.

"As owners of Grand Central Bakery, we enthusiastically support the proposed Portland citywide rule to offer earned sick time to employees. ... Our experience is that providing paid sick leave is just such a **creative approach** to running a food business. This act shows employees that you trust and respect them, and in turn they will trust and respect you," write Piper Davis and Ben Davis.

"Business owners both large and small have not had time to have questions fully answered or determine what they will need in place to follow this new mandate. ... Many employers, from small to large, also take care of their employees, protect the environment and **make a positive difference** in the community," writes Andrew Frazier.

Read and comment at the public blog My Oregon, found at The Stump.

## Calculating gains from efficiency

State agencies should seek ways to work leaner, but don't expect big gains for the budget

Everyone favors eliminating government waste, especially when budgets for schools and essential services are inadequate to meet needs.

A coalition of groups, including five unions, issued a report this week suggesting ways the state could save \$278 million through government efficiency measures. The "Making Every Dollar Count" report includes some good ideas (collecting unpaid taxes and decreasing staffing duplication among agencies), as well as some unlikely to yield as much savings as the report suggests (deeper cuts in contracting).

Meanwhile, the Department of Administrative Services has a number of ongoing efforts — ranging from renegotiating leases and improving property management to making better use of technology — that attempt to lower the cost of government.

Unions and administrators should continue the push to identify ways to save money. A more efficient government is a more

trusted government. But no one should assume that efficiency alone can make a significant contribution toward solving school-funding problems or financing needed infrastructure projects. Likewise, the

Legislature is right to discuss public safety reform and to scour tax breaks for savings, as the "Making Every Dollar Count" report acknowledges. But none of that will matter much without significant reform to the Public Employees Retirement System, something the unions associated with last week's report find much less appetizing.

The report is an extension of a similar 2011 analysis titled "Moving Oregon Forward," said Scott Moore, a spokesman for Our Oregon, one of the 10 sponsoring organizations. The 2011 report helped prod the Legislature to pass House Bill 2020, which required state agencies to begin moving toward a 1 to 11 manager-to-staff ratio.

Unions and state agencies quibble over exactly how much money can be saved through

the changes mandated by HB 2020. Many supervisory employees also "carry a workload and that work still has to be done," said state chief operating officer Michael Jordan. As a result, reducing supervisory positions doesn't necessarily reduce the number of employees by a similar amount.

But the biggest value of the 2011 and 2013 reports is to force a discussion about the most efficient ways to run state government. "It's really about making sure that all good ideas are on the table," Moore said.

Meanwhile, the Oregon Office of Economic Analysis provided some news Friday that makes the task a little easier. State economists increased the amount of revenue expected in the next biennium by \$87 million based on an expected uptick in economic growth. The projection serves as a reminder that the best possible way to close budget gaps is to grow the economy.

DYING WELL

## After mom's death, Blumenauer looks again at end of life

Congressman Earl Blumenauer almost sent his dying 87-year-old mother to a Portland emergency room in January, contrary to her expressed wishes and his own beliefs about end-of-life care. His emotions about his mom's abrupt decline nearly overwhelmed them, but he managed to avoid unwanted, invasive measures.

"I was not thinking clearly," he said.

The ambulance ride never happened, and his mother's last memories weren't of tubes and wires in intensive care, according to Blumenauer's account of her final hours. Instead, Ruth Sprinkling died in a familiar setting, with family nearby and a grandson holding her hand.

Blumenauer is still grieving her loss. But the experience has emboldened him to take another run at legislation to improve end-of-life care. Despite the political beating the Oregon Democrat took last time, despite the blistering accusations that he wanted to set up so-called death panels and "pull the plug on Grandma," he's ready for another try.

I hope this time works. Needless fears of

health-care rationing may have derailed the effort in 2009, when Blumenauer tried to include an end-of-life provision in Congress' big health-care reform package, but the idea still deserves to become law.

In a bill Blumenauer plans to introduce by spring, Medicare and Medicaid would pay for voluntary consultations between doctors and patients about end-of-life wishes. The bill would also provide grants to promote "physician orders for life-sustaining treatment," a type of advance directive that spells out specific preferences for medical care.

The goal is to make conversations about death and dying less taboo. Doctors and patients would have a context for talking about death as part of the natural order of things, rather than as a medical failure to be avoided at all costs. Patients, in turn, would have new occasions to discuss their wishes with their families — and to do so before a stroke or other medical crisis limited their ability to communicate.

Research into end-of-life care supports the wisdom of this approach. Put it this way: The



Blumenauer

default mode of the U.S. health care system is to spare no expense to save every life, which is exactly what we want. But this approach also requires people who don't want extraordinary lifesaving measures to say "no" more often.

No to CPR that would crack their ribs. To feeding tubes that might extend their deaths. To other last-ditch interventions with often painful and isolating consequences.

Some people want everything done, period. Most people don't. Planning for the end gives patients the opportunity to spell things out. The preparation also helps the spouses and grown children who must try, as Blumenauer did, to honor those wishes while swamped with emotions.

There is one other potential benefit, of course. Giving patients more of a voice in end-of-life decisions saves money, since extraordinary measures are highly costly. Politically, Blumenauer would be smart to never mention this benefit: As the 2009 debacle over death

panels showed, people tend to get nervous when the federal government aims to make death cheaper.

But Blumenauer says he's going to talk about money anyway.

"I've decided, this time, to take that head on," Blumenauer said. "It is a myth, and it is a destructive myth, that somehow having more information and saving money results in having worse health care."

Ruth Sprinkling was born July 8, 1925, in Portland, where she raised two boys, Earl and Scott. She enjoyed a long and happy second marriage, regularly visited the Oregon coast and adored her grandchildren. After spending the holidays with her family, her death notice said, she "passed away in peace and comfort when it was her time."

That's an enviable ending, even with the sadness within. And her more peaceful death was made possible, it seems, by having doctors and nurses and family who knew her wishes.

Everyone's mother — everyone, really — should be so lucky.

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