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Fair's fair, so fix PERS for all

Nobody begrudges retirees their benefits. But the Legislature must face up to inequities and recognize the costs to Oregon are too great

It's no longer useful to be mad about Oregon's overextended Public Employees Retirement System. Instead it's time to be smart and do something about it.

To do that, the Legislature will in the coming weeks weigh several proposals to reduce the load PERS exerts upon public schools and public services across Oregon. But it will likely fail in its quest if it does not reckon with the gnarly issue running beneath every PERS calculation: fairness.

What's fair to the thousands of dedicated public employees who worked for decades believing they'd draw a specified level of PERS benefits? At the same time, what's fair to Oregonians forced to eviscerate school budgets to pay runaway PERS bills as present and future generations are hobbled by it and their dreams diminished?

The Legislature must somehow reconcile these and several corollary questions along the way. In so doing, it will perform a public service yet tamper with promises made long before its members were elected to office.

That's not neat. But it is life.

Several leaders, among them Democratic Gov. John Kitzhaber and Republican Rep. Bruce Hanna, take aim at the built-in annual cost-of-living increases enjoyed by PERS beneficiaries. They do so not 40 years late but 40 years after the deal was made by long-gone legislators. That makes things tricky — as much a test of fairness as it is of math.

Kitzhaber would limit the application of the cost-of-living adjustment to the first \$24,000 of a retiree's benefits, saving more than \$800 million every two years. Hanna's COLA cap protects the income growth of many more retirees but would clip those at the higher end of the earning scale, applying to stipends above \$36,000, saving more than \$450 million every two years.

But the math is the easy part. As Gregory Hartman, a mathematics-major-turned-lawyer, recently told The Oregonian's Ted Sickinger: "If you're promised something in a contract, you can't take the position that if we give you some of what we promised that's not a breach of contract. It's still a breach of contract." Hartman works for a coalition of public sector employee unions and cites the precedent of an Oregon Supreme Court ruling protecting PERS beneficiaries.

Hanna has other proposals, too, including limits on the calculation of final average salary, upon which benefits are based (worth a potential \$129 million every two years) and a phase-out by 2020 of the ability of employers to "pick up" an employee's 6 percent contribution to retirement accounts (worth another estimated \$129 million every two years).

But at every step of the way, the nagging question of fairness will come up. And it's a question extending beyond Salem. Beaverton's school district suffers staffing cuts and large class size owing in part to a \$13 million surge last year in its PERS bill. The district's PERS bill is expected to rise this year another \$12 million, and for what? Among the worries are yet larger classes.

The last time the Legislature undertook PERS reform was in 2003, and it succeeded on several counts.

But it was hard going, derailed the political career of an inspired and reform-minded Greg Macpherson, and left future lawmakers skittish about tampering again with retiree benefits.

But there is no choice now. The unfunded liability of PERS hovers at anywhere between \$14 billion and \$16 billion — that's a threat to all Oregonians — and public employer contributions to the system exceed 20 percent of payroll. That's not only unsustainable. It's unfair to all Oregonians who aspire to learn, to work, to believe in opportunity for themselves and their families.

The City Club of Portland, in an extensive 2011 analysis of PERS, hit a note that rings truer today than then: "Rank-and-file public employees should not be blamed for the current status of PERS, but there is no choice but to reduce benefits to match financial reality and to improve intergenerational equity."

It's time to think about our kids as much as our retirees and our future as much as our present. We need to ensure legacies over money fights. It will take courage in Salem and the willingness to make decisions that surely will be tested in court. But it's only fair.

EDITORIAL

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Agenda 2013
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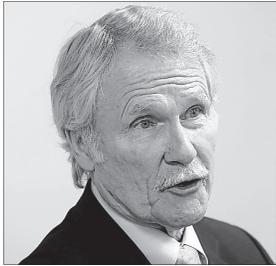
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The Stump

National columnists

Amy Goodman discusses the intersection of Israel and Palestine at the Oscars: "The Academy Awards ceremony will make history this year with the first-ever nomination of a feature documentary made by a Palestinian. '5 Broken Cameras' was filmed and directed by Emad Burnat, a resident of the occupied Palestinian West Bank town of Bil'in, along with his Israeli filmmaking partner Guy Davidi. ... '5 Broken Cameras' is in competition at the Oscars with an Israeli documentary, 'The Gatekeepers,' a film that features interviews with the six surviving former directors of Israel's Shin Bet, the country's secret internal security service, which functions as a sort of hybrid of the U.S. FBI and CIA. ... In a remarkable case of life imitating art, as celebrities gather for the entertainment industry's biggest gala of the year, the Israel/Palestine conflict is being played out on the streets of Tinseltown."



Dana Milbank comments on the Republican embrace of Obamacare: "It is not a white flag of surrender, Florida Gov. Rick Scott said. This was technically true: Scott did not wave a banner of any color when he announced Wednesday that he wants Florida to expand Medicaid, a key piece of Obamacare. But make no mistake: Scott, a Tea Party Republican and outspoken critic of the law, was laying down arms in defeat. ... The about-face by Scott, the seventh Republican governor to accept Obama's expansion of government-funded health care for the poor, is a crucial validation of the president's signature initiative. In his announcement, Scott made a moral case for the Medicaid expansion as compelling as the law's proponents ever made."



Read and comment at The Stump.

A good Samaritan

Mike Darcy of Lake Oswego describes his experience in downtown Portland: "I slowly began my walk to the PacWest Center on Southwest Sixth Avenue. After three blocks of intense pain, I knew I could not make it without help. On a Saturday morning, that area of Portland is rather sparse, and there was no one on my side of the street. Across the street, a man was walking briskly and he, like me, had on a parka and hood. I called out, 'Can you help me?' He continued walking. I called out again, louder this time. He looked over and immediately came across the street to offer assistance. I explained my situation, and he told me that he too was going to the PacWest Center and he would be glad to help. ... When we got to the PacWest Center, he rode up the elevator with me and walked me into the KXL studio where I work."

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

Letting the dogs out in Salem

Animal welfare bills, though well-intentioned, should not be a priority

Animal bills are a good way for legislators to curry favor with constituents. Oregon ranks fourth in the nation for pet ownership, according to a report released last month. And those who don't have pets generally want animals to be treated well.

But Rover and Fido don't need an assist from the Legislature to find a good home. Most Oregonians do the right thing and call local authorities when they see an animal mistreated. And animal services departments in heavily populated areas generally have workable ways to enforce local ordinances.

Certainly, animal control officers wouldn't mind a little help in doing their jobs. But it's unclear how much stricter state laws would help their cause. And it's undebatable that the Legislature faces more urgent matters, including encouraging job creation so more Oregonians can stay in good homes.

A handful of bills filed for this session address animal issues, including one that offers guidance on how to handle stray bison. Two specifically target treatment of pets, and both go too far. House Bill 2783 would enact

stricter regulations on the tethering of dogs. House Bill 2394 would require people accused of certain animal crimes to register with law enforcement.

Scott Beckstead, Oregon director for the Humane Society of the United States, said the intent of the tethering bill is to provide an enforcement mechanism to keep dogs from being chronically chained. It's hard to argue with that goal. But it's also hard to see a state law being any more effective than local ordinances that already exist in some jurisdictions, including Multnomah County.

The Multnomah County ordinance prohibits "any dog to be tethered for more than 10 hours in a 24-hour period," a similar standard to the proposed state legislation. The bill also would impose length requirements on tethers and define adequate shelter for pets. The measures sound reasonable, but the important question is whether they are enforceable.

"It's hard to have the evidence to issue a notice of infraction," Mike Oswald, director of Multnomah County Animal Services, acknowledged.

At least, discouraging dog owners from tethering their pets for long periods is a worth-

while goal. Animal-related nonprofits should continue to encourage such behavior through public-education campaigns and other steps that don't require taxpayer money. Creating an abuse registry, on the other hand, is just a bad idea. There are better ways to discourage animal abuse than public shaming, and it's questionable how much abusers would be influenced by the threat.

A registry could be helpful to those who place pets in homes. But the Humane Society, which has not taken a position on registry proposals popping up around the nation, has a better idea. The Humane Society wants the FBI to specifically identify animal-related crimes in the Uniform Crime Reports system, rather than lump them into the "miscellaneous" category. Such a move would help law enforcement track and prevent animal abuse.

We trust Oregonians to find a way to keep pets safe without the Legislature's help. Meanwhile, if legislators can't focus on more important tasks — like improving schools and creating jobs — they deserve to be put in the doghouse.

OVER THE CLIFF

Sequestering our ability to make our system work

VANCOUVER —

Patty Murray, who has been at the center of this federal budget battle from the beginning, never imagined we'd be where we are now.

"The sequester language itself was never put in place to be enacted into law," recalls the four-term U.S. senator from Washington, the chairman of the Senate Budget Committee. "The language was put in place to force both Democrats and Republicans to give ground."

"If we thought it was going to be enacted, nobody would have voted for it."

Even after Murray's frustrating chairmanship of the so-called "Supercommittee" — equal numbers of Democrats and Republicans, senators and representatives, created to ward off the sequester's automatic across-the-board budget cuts — she didn't expect to be this close to fiscal meltdown.

"Did I ever think we would be sitting here a few weeks off from the sequester?" she asked in an interview Thursday.

"Absolutely not."

Yet here we are, now five days from budget cuts that everybody claims to be against, but seem to be unstoppable. As Congress returns from its Presidents' Day recess Monday, Republican leaders insist that they will accept no additional tax revenue, and complain that President Obama isn't negotiating. The president and Democrats say that on that basis, there's not much to talk about.

Republicans say that in the December deal when the Bush tax cuts lapsed, they accepted \$600 billion in tax increases, and that's their limit. Murray points out that with spending cuts already made, and with the new cuts needed to avoid the sequester, the ratio of cuts to new revenue would be 4-to-1.

Republicans insist that they don't want to cut military spending, and Murray, with several bases in Washington, is concerned about that, too. But the specifics of the sequester — the details that were supposed to make it so horrific that no politician on any side would tolerate it — require across-the-board cuts, and this Friday, March 1, they start to happen.



DAVID SARASOHN

Oregon won't feel military cuts as deeply. But according to the liberal Center for American Progress, in the current fiscal year Oregon would lose \$4 million in Head Start, \$10 million in Title I education spending and \$6 million in disability education spending — which would certainly make the current session of the Legislature more interesting.

Lots of federal spending affects Americans who aren't poor or disabled, or even in school — such as, Murray points out, air traffic control and meat inspection. She was in Vancouver Thursday to speak to the Columbia River Economic Development Council about the federal commitment to the Columbia River Crossing, another reflection of how federal spending crosses all lines.

There's a whole other less quantifiable effect, the impact when it seems that the United States government can't manage its own affairs. After the debt ceiling crisis in summer 2011, Standard & Poor's dropped the nation's credit rating. It wasn't exactly an economic stimulus.

We could easily face another ratings drop by next weekend, and then we wouldn't even have the Oscars to distract us. And if, after weeks of playing chicken, we somehow avoid Friday's

sequester, it would buy us less than four weeks until the next fiscal cliff. The continuing budget resolution funding the entire government runs out March 27, and at the very least it will provide another crisis.

Then sometime during 2013 we will need to raise the debt ceiling again.

"People say we should run the government like a business," says Murray. "No business would set up artificial deadlines when they stop paying their bills."

We know how to create these fiscal trap doors. We just no longer know how talk our way out of falling through them.

Even when she was on the Supercommittee and, she recalls, tentative agreements would be scuttled after Republican members spoke to their caucus, Murray didn't think we'd end up here. But we did.

It's a serious situation when your budget system no longer works.

It's a worse situation when your political system doesn't.

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