

Editorial: Real reform is unlikely without Gov. Brown



Gov. Kate Brown speaks to a group of people in Bend in August. (Andy Tullis/Bulletin file photo)
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Gov. Kate Brown on Monday suggested that public employees in Oregon could be asked to take on some of the responsibility (<http://www.bendbulletin.com/localstate/5811740-151/dc-turmoil-slams-oregon>) for bringing the Public Employees Retirement System into financial balance.

Better late than never, if she meant it.

A bill that would have accomplished some of this died in the 2017 Legislature. It would have required public employees to give 1 percent of their salaries to the PERS pension fund as a “risk sharing” contribution beginning in June 2018. The following year that amount would rise to 2 percent.

If Brown supported it then, she was quiet about it. Now, apparently, it’s an idea she might support. Brown is right to be worried about PERS and Oregon’s budget: The state faces a structural deficit in which expenses outpace gains, and there’s no light at the end of this particular tunnel. PERS, with its unfunded \$25 billion plus liability, is clearly part of the problem.

To date Brown’s solutions have been single-minded: Taxing business, she has said time and time again, is the answer to Oregon’s financial problems. She supported Measure 97 last year, which would have dramatically raised taxes on businesses across the state. She also supported

ending the “partnership passthrough” that allows taxes on certain corporations to be paid directly by stockholders. Earlier this year she supported a legislative proposal that would have raised taxes on Oregon businesses by \$900 million.

Yet Oregon businesses should not be thought of as the pot of gold at the end of Oregon’s budgetary rainbow. There may be some business tax increases that make sense. But business alone cannot and should not be expected to solve the state’s long-term budgetary or PERS problems. If the governor and lawmakers do that, they’ll hurt Oregonians who rely on businesses for goods and services by making those things cost more. At the same time, if business taxes go up too much, wages may not grow and, indeed, job creation may stall.

Brown said Monday that unless all interested parties, including public employees, have skin in the budget reform game, real reform is unlikely. We’d add that without a governor with serious interest in PERS reform, real reform is unlikely.