



(Street Roots photo illustration)

# PERS reform sticks it to teachers, other underpaid public employees

COMMENTARY | Oregon business lobbyists scapegoat public workers while ignoring corporate responsibility for budget cuts

by **Mary King** (/users/mary-king) | 10 May 2019

The Oregon Legislature is planning a pay cut for public employees, as a big part of a package to restructure the deficits caused by the failure to fully fund the Public Employee Retirement System. Public positions already pay much less for the qualifications required than is true in the private sector. Compensation in the public sector only looks good if you don't account for the fact that a high proportion of public-sector jobs require college and graduate degrees.

But public employees and PERS are the favored scapegoats of Oregon's business lobbyists, who try to blame public workers and their unions for the long decline in the quality of our schools and public services. The corporate lobby wants to distract us from the dramatic plunge in their contributions to the state budget. Oregon's business groups hide behind small businesses and cry poverty, though corporate profits are high – particularly after the 2016 federal tax cuts targeted at the top.

Public employees as a group already work for less than they could get elsewhere, in order to do work they value. That sacrifice for our community is ignored by Oregon's business associations, and by much of our media. To divert attention from corporate welfare, the business "community" obscures our history of low public-sector pay and the failure to fully fund PERS. Never mentioning corporate responsibility for Oregon's budget woes, they point to the obscene salaries and retirement benefits of football coaches and university presidents – as if public workers didn't hate that squandering of public funds!

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## Corporate tax contributions hit bottom, hurt the state budget

The Oregon Center for Public Policy reported in January that "corporations in Oregon are on track to pay a smaller share of Oregon income taxes this budget period than at nearly any point in the past four decades." Businesses pay less in state and local taxes in Oregon than in any other U.S. states except Oklahoma, according to the pro-business Anderson Economic Group.

Relative to the size of the state's economy, businesses now pay less than half what they did in the mid-1970s. Worst of all, corporate income taxes provide less support to our schools and services than the Oregon lottery, which is widely understood as a tax on the poor. The affluent can gamble on the stock market, which pays off much better than the lottery.

**FURTHER READING:** [Teachers demand stability for children; GOP senators balk at the investment \(Director's Desk\) \(https://news.streetroots.org/2019/05/10/two-walkouts-two-very-different-futures-our-children\)](https://news.streetroots.org/2019/05/10/two-walkouts-two-very-different-futures-our-children)

## Inadequate school budgets, low teacher pay lead to shortages and strikes

With class prep and grading, teachers work long hours though their compensation is far less than for people with comparable levels of education and experience who work in other fields, even after accounting for retirement and health benefits, as well as time off in the summer. The "penalty" being paid by public school teachers nationally hit 21 percent last year, according to a new report from the Economic Policy Institute. In Oregon, the gap is even wider, at 23 percent. For every \$77 earned by Oregon's teachers in a workweek, similarly qualified people in other occupations are paid \$100. Over a lifetime, that adds up to hundreds of thousands of dollars.



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Teaching has been devalued as “women’s work.” For a long time, teaching was one of the only occupations open to college-educated women; without other options women had no choice but to work for much less than men were paid. Teacher pay has remained low, even as women’s opportunities have expanded, resulting in growing alarm over teacher shortages.

Teachers are striking all over the country, demanding better support and lower class sizes for their students and schools, as well as salaries high enough to recruit and retain good teachers. In Oregon, we need to raise another \$2 billion a year just to fund our Quality Education Model, and rebuild our schools. With the legislature poised to raise less than half that, Portland area teachers walked off the job May 8.

## Underfunding the state retirement system left us in a hole

All over the country, legislatures have failed to budget enough to make good on contractual pension guarantees – going instead for the shorter-term goals that get them re-elected. Oregon’s claim that public pension investments could reliably earn 8% annually was a politically convenient dodge to invest much less than was needed. Financial advisers’ rule of thumb is to take an income of no more than 4% of your savings – even if cleverly invested – or risk eating into your assets and harming future earnings.

And if you’re trying to regularly come up with a higher than usual return, like 8%, you’ll be pushed toward riskier investments. Risky investments may seem fine during a boom, but will leave you in a deep hole during the recessions that are an absolute certainty in a market economy. In late 2007, PERS appeared to be more than 110% funded, but that was before the financial crash of 2008.

## The state ‘pickup’ of employees’ retirement contributions – cheaper than raises

State employers started to “pick up” the 6% of pay that public employees used to contribute to the pension system in 1979, under Gov. Vic Atiyeh. It was a cheap way to try to keep salaries up with the high inflation of the era, shifting employee dollars from retirement contributions to take-home pay. Paying for retirement benefits cost the state less than paying higher salaries, which would also have increased payroll taxes like Social Security.

## Bring back corporate responsibility for an educated labor force and infrastructure

Big business shouldn’t get away with avoiding responsibility to help pay for the schools, infrastructure and public safety that underpin their profits – particularly now that their federal taxes are so low. And scapegoating our hardworking, community-minded teachers as the source of our state’s inability to provide our kids the education they deserve is ugly and insulting. The big corporate players have never been wealthier; it’s time they stepped up.

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# Kennedy-Smith: PERS cuts will hurt child welfare system

👤 Andrea Kennedy-Smith 📅 Wednesday, March 27, 2019

(<https://pamplinmedia.com/images/artimg/00003636536542-0647.jpg>)The Oregon Business Council is run by some of the highest paid and powerful business people in our state. People like Mark Ganz, president and chief executive officer of Cambia Health; Andy Bryant, chairman of the board for Intel; Rodrigo Lopez, senior vice president of Comcast; and scores of other executives from the healthcare, financial industry, and other powerful sectors. They have a lot of sway in the State Capitol.

This month, there was another news story about the OBC and how these incredibly powerful people want to further slash retirement benefits for child welfare workers like me and also for teachers, firefighters, public health nurses, local sheriffs, and everyone in our state from Heppner to Hillsboro who is counting on PERS.

These powerful corporate interests have not put forth a single plan to address the state's pension liability that doesn't include slashing retirement benefits and hurting people.



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I have worked in Oregon's child welfare system as a paralegal for the Department of Human Services for 12 years. PERS benefits have been reduced repeatedly to the limits of the law. Today's PERS provides a pension that is about 44 percent of salary. Yet OBC wants to slash our retirements even more. Not only will further cuts result in more costly litigation, this constant public attack against us is affecting morale in a workforce already stretched thin.

I would like to invite any member of the OBC to come to my DHS office in Hillsboro and listen to the stories of what it is like to work on the front lines of our state's opioid and methamphetamine crisis that is ripping families apart. If they came, they would learn that the worst possible thing lawmakers could do is cut benefits for workers, making it even harder to recruit and retain qualified staff who are literally making life and death decisions for children.

Oregon's child welfare system already has a serious shortage of qualified workers to fill open jobs. As the audit last year from the late Secretary of State Dennis Richardson highlighted, we have caseloads that are three times the recommended level. People are so overwhelmed that we've seen an increasing number of stress-induced medical leave, making juggling the cases even more difficult. This is not only unsustainable, it is dangerous for children. Not only do we have a shortage of caseworkers, we do not have the support staff we need to supervise family visits or schedule meetings for cases, which makes timely family reunification more difficult and puts unnecessary stress on children and parents.

It is already incredibly difficult to attract qualified child welfare employees during this crisis. The constant news coverage about how our benefits are under fire makes it even harder. Our children deserve the best trained and dedicated people advocating for them, caring for them, and watching out for them. People who do this work understand that we are never going to get rich, that we will never receive performance bonuses or double-digit raises. But we do the work because we care about serving our communities and we have traded lower salaries in exchange for a secure retirement. We have kept our end of the deal. State lawmakers should do the same.

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