



The Libertarian Party of Oregon Opposes SJR 201 because it Fails to Address Unfunded Liabilities.

The “kicker” is not a tax refund. It’s a larger tax deferred due to the State’s unfunded liabilities. According to the 2025 Annual Comprehensive Financial Report (ACFR), Oregon’s public pension system faces a massive long-term debt of \$28,000,000,000, which is likely to be higher due to the state’s unwise and untransparent overinvestment in private equity (which itself has unfunded future commitments of \$217,612,000). The problem was made worse in the latest legislative session with SB 849 raiding the School District Unfunded Liability Fund for a one-time bail-out of School District pension liabilities.

According to the *Oregonian* (September 30 2025), Oregon schools face a “Really Scary” 20% \$1,600,000,000 pension increase in 2027 with no more SB 849 on the horizon to once again raid the piggy bank¹. We do not see a single bill in this short legislative session addressing this fiscal crisis. Not adequately funding pension liabilities as they are accrued by relying on phony and unrealistic future returns from private equity investments (conveniently shielded by this legislature from the public records law to hide excessive investment fees), allows School District leaders to cash out on a pension Ponzi scheme today while saddle future generations with inevitable tax increases for the inevitable bailout.

Thus, the “kicker” is the equivalent of paying the minimum on the state’s credit card instead of paying off the balance. Over time, evermore money goes out the door, but the balance never goes down – usurious interest that could have paid for a mortgage down payment or trip to Vegas. Any new “Education” funding, as proposed by this raid of the kicker, will just go to those 20% annual pension obligation increases.

California recognized this when it enacted its own version of the Kicker in 1979 known as the “Gann Limit.” This imposed a spending cap on the state and school districts so government would not grow over time as it has in Oregon. If spending grew too much, School Districts and the state either had to pay down debt, refund the excess tax collected, or invest in infrastructure so-as-to avoid bond measures. If Oregon is to pursue Kicker reform, doing so on the California model while also stabilizing the pension fund makes more sense than this proposal.

SJR 201 proposes to re-direct a portion of the “kicker” refund to “Education.” This is bad government. The kicker would be an unpredictable and unstable revenue source. The use of such funds for core government sources combined with state Education budgeting policies limiting local education agencies from using windfall revenue to build rainy day funds means school districts will rapidly budget to spend “kicker” revenue then be forced to rapidly cut programs when that revenue fails to rematerialize every other year. We have seen such reckless spending strategies by school districts with one-time pandemic windfalls.

¹ <https://www.oregonlive.com/politics/2025/09/really-scary-oregon-schools-state-agencies-face-another-major-increase-in-pension-costs-in-2027.html>



So, why was “Education” chosen? It’s classic “for the children” focus group accounting gimmicky. Pensions and Admin bloat are unsexy to fund. More special fund levies for “parks,” “education,” the children, etc, means lower general fund allocations to those same programs. Linking the “kicker” to “wildfire protection” is a case in point. Do wildfires really care about the projections of the State Economist when they break out?

Another danger of this proposal is political influence on the State Economist. Given the power of the teacher’s unions, pressure could be put to deliberately under-forecast state revenue, generating a “kicker” *tax increase* that flows to school districts through forecasting shenanigans. We’ve seen this in local tax increases for “Clean Energy,” “Homeless Nonprofit Services,” and “Preschool for Grandma,” that were deliberately underforecast so as to avoid sticker shock about tax increases all flowing to special interests.

School Districts should be held fiscally accountable. The Libertarian Party has long called attention to the dangers of the State’s monopoly on education via the restriction of school choice and how the very leaders who claim to care about education constantly promote self-serving policies leading to the worst possible outcomes. If an unstoppable legislative cartel intends to ram through a Kicker raid “for education,” and the people fall for it because they were unfortunate to go to compulsory Oregon public schools and not learn math, school is hard, the Legislature should do it in such a way the People benefit – not the teacher union lobby.

The way to do so is undo SB 849 so School districts are on the hook for their own commitments: direct a portion of the Kicker to a locked up Unfunded Liability Fund so school districts can’t touch it in their budgets, and make it clear to the taxpayer they did not receive their full kicker due to reckless school spending and mismanagement of the pension system so those who caused this problem are held to account.

If this bill were to be amended to address unfunded liabilities in a way that does not promote increased government spending, our party could support such a plan, or at least remain neutral.

The Libertarian Party of Oregon, founded in 1971, is the state affiliate of the third largest political party in the United States. We currently represent over 20,000 registered Oregonians but speak for a silent majority of nonaffiliated voters. Over the years, our advocacy has advanced policies that would never have been considered by the Monoparty such as gay liberation and cannabis legalization.