

POLITICS & ELECTIONS

# Kate Brown to business leaders: State budget troubles linger

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Gov. Kate Brown on Monday again called for state leaders to find a long-term solution for Oregon's budget problems.

During a Q&A session in front of a ballroom full of executives and lobbyists, the Democrat said Oregon has a "structural budget deficit" that she expects will continue for years. This year, lawmakers entered the legislative session with an estimated \$1.4 billion budget shortfall, which they eventually managed to close.

Oregon's state government must pass a balanced budget every two years. Problems have arisen because although revenue continues to grow, expenses have outpaced the gains. Brown said she wants to find solutions for future rounds of budget negotiations.

Though she did not specifically call for state lawmakers to pass new or higher taxes, Brown said she hopes to identify policies that will stabilize revenues for "the long haul." Last year, Brown endorsed the ill-fated Measure 97, which would have increased business taxes by an estimated \$6 billion each two-year budget cycle. Voters soundly rejected the measure.

"It is time that we quit kicking this can down the road," Brown said at the Oregon Leadership Summit, in Portland. She said she's asked her staff to put together a list with "a handful of options."

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Some of those options, Brown said, could include policies aimed at chipping away at the \$25 billion public pension deficit. The liability has saddled the state's public employers with ever-increasing pension payments, at the expense of expanding services or hiring more staff.

In her remarks, Brown praised a task force she assembled to examine ways to cut the deficit. She said they came up with "innovative and creative solutions," which were presented to the public in a November report.

The task force's ideas include encouraging public employers to sell assets, spend reserve funds, redirect funds towards pension payments or find other ways to raise money for the retirement system. Whether any of those proposals are politically feasible is uncertain, with the

Democrat-dominated Legislature reticent to cut back on public employee benefits. The labor unions that represent those employees are key campaign donors for Brown, the Democratic Party of Oregon and many Democratic legislators.

On Monday, Brown raised the prospect of greater cost sharing by public employees. She noted a bill introduced in the Legislature last year that would have required public employees to contribute to their pensions. It died without a vote, but Brown said that bill "provides the framework" for further discussions. One lawmaker, Rep. Gene Whisnant, R-Sunriver, has said he will introduce legislation aimed at preventing pensioners from spiking retirement benefits by factoring in pay from side jobs.

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Brown also highlighted Oregon's strong economy, which has continued to grow and add jobs at a faster rate on average than the rest of the country. Unemployment is low in Oregon and overall economic indicators have generally been on the uptick.

But Brown said she recognizes that the economic boom is not evenly distributed among Oregonians. The state's rural residents are struggling more than its urban ones, she said. Brown said her priorities for rural Oregon include investing in infrastructure projects, residential and workforce housing, internet connectivity and job training. She touted the

\$5.3 billion transportation package lawmakers approved, which includes considerable infrastructure and public transportation spending in Oregon's rural areas.

"I want to make sure we have communities that thrive throughout Oregon," she said.

Brown and Oregon lawmakers are gearing up for a busy couple of months. There is a special election in January where voters will be asked whether to keep several health care-related taxes the Legislature passed this spring. If voters reject those taxes, lawmakers would have to find a way to make up the lost revenue in order to shore-up the Oregon Health Authority budget. The Legislature meets for a one month session in February.

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For her part, Brown said any talks on budget reform will "absolutely" be bipartisan.

"I certainly want to get things going," she said.

-- Gordon R. Friedman

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