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Kulongoski recommends changes to sentencing

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PORTLAND, Ore. (AP) - Outgoing Gov. Ted Kulongoski presented a host of changes to state government on Friday that drew sharp rebukes from public-employee and education unions while offering a grim outlook on the state's financial future.

He said he's prepared to deal with the backlash.

"I'm just going to rip the Band-Aid off this one," Kulongoski said before suggesting that the state can't afford the current level of retirement and health benefits to public employees.

"Increasing labor costs will be a big contributor to future deficits if we do not change the way we budget and provide compensation for public employees."

Kulongoski presented the recommendations of his "Reset Cabinet" to the Portland City Club. The report seeks to change spending on education, health and human services and public safety, as well as consolidate the labor costs of public employees.

What he didn't say is that he's not running for re-election - he has reached his term limit - and none of the proposed changes are binding. But Kulongoski did have advice for those vying for his seat in November.

"The task of repositioning Oregon for long term success is too important to be sacrificed on the altar of partisan political warfare," he said. "This cannot be just a conversation about more taxes or about a new tax structure to create more taxes."

Oregon faces a \$2.5 billion budget deficit in its next two fiscal years, and a projected \$10 billion budget hole during the next decade. Kulongoski said the state's current fiscal structure isn't prepared to deal with declining revenues and increased demand.

On Tuesday, Kulongoski ordered a 9 percent across-the-board cut to all state agencies. The departments of education and human services were hardest hit.

Democratic candidate for governor John Kitzhaber issued a statement about one hour after the speech that agreed with Kulongoski's call to negotiate with public employees over benefits.

"I believe that by bringing (public employees) to the table, we can find ways to lower health care and pension costs," Kitzhaber said in the statement.

Republican governor candidate Chris Dudley said he doesn't agree with all of the proposals, but said the "tenor of the debate" should center on reforms to the state system.

"From asking state employees to pay a portion of their health care costs to recognizing the need to refocus the scope of government, the report and the governor's remarks showed an understanding of the drastic change that is needed to put Oregon on a sustainable course," Dudley said in a statement released late Friday afternoon.

Leslie Frane, director of the state's largest public employees union, said the governor's call to consolidate labor costs such as cost-of-living increases and health care and retirement benefits doesn't take into account the disparity in pay between private and public sector workers.

"Unfortunately, the governor's comments ignore the state's own study showing state employees' total compensation is lower than that of private sector workers in similar job categories," Frane said in a telephone interview. "Singling out benefits creates a straw man that ignores the reality that the total compensation shows."

Kulongoski also proposed tying a school's funding to its performance, an idea the Oregon Education Association called "wholly untested."

"Parents are tired of their children's education being dumbed down to test scores," said association president Gail Rasmussen in a statement. "Rather than providing solutions that lift up our schools in this time of crisis, the governor is offering Oregonians failed policy ideas that continue the status quo."

The state is hoping that federal dollars attached to a Medicaid extension bill will ameliorate some of the cuts to the Department of Human Services, but the passage of that bill appears increasingly unlikely.

"The current structure of state government is simply not sustainable anymore," Kulongoski said. "We will emerge from this recession with less revenue, higher costs and greater demands for public services."

Kulongoski pitted spending on corrections against dollars for education during the speech, and said sentencing guidelines for prison systems must be reformed to allow for a range of sentences based on prison populations instead of the current mandatory minimums for offenders.

"There is a great imbalance between how we invest in incarceration and how we invest in education," Kulongoski said. "Right now, children are trapped on the losing end of that imbalance."

Department of Corrections director Max Williams, a Kulongoski appointee and member of the "Reset Cabinet," said the recommendations advocate a moratorium on prison construction, but said that won't be possible if the state incarcerates at its current rate. Instead, he said, the report recommends the state should do away with mandatory minimum sentences and measure its range of sentences against the current prison forecast.

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