

# Oregon Public Broadcasting

## **Q&A: Governor Kulongoski's Recession Reset**

Kristian Foden-Vencil | June 25, 2010 | Portland, OR

Last year, Oregon's governor created what he called a "Reset Cabinet" -- to come up with options for overhauling Oregon state government.

The overhaul is needed, he says, to deal with the deficits created by the Great Recession.

Governor Ted Kulongoski outlined those options in a speech Friday in front of the City Club of Portland.

OPB Managing Editor Eve Epstein talked to reporter Kristian Foden-Vencil about the governor's proposal.

Eve Epstein: So were there any bomb-shells? Does he want to get rid of an entire state agency, or something like that?

Kristian Foden-Vencil: Nothing like that -- but he is proposing some pretty big changes.

I think perhaps the most controversial changes, and the one that'll save the most money, is cutting employee wages and benefits. For example, instead of putting six percent of an employees' salary into their pension accounts, he wants to cut it to three percent.

Here's how the governor put it to the unions.

Ted Kulongoski: "If you don't want a decade of deficits to turn into a decade of layoffs and wage freezes - work with us to manage the cost of your benefits and keep your pay in line with your counterparts in the private sector."

Kristian Foden-Vencil: He's hoping to get cuts that would save more than \$400 million. I talked to State Senator Suzanne Bonamichi after the speech - she's a Democrat from Northeast Portland. She said public employee pay comes up a lot when she's talking to her constituents.

Suzanne Bonamichi: "I certainly have an open mind to discussing it. It's a difficult times."

Kristian Foden-Vencil: "Kind of a different shoe for the Democrats to be wearing."

Suzanne Bonamichi: "Perhaps. But these are different times. I understand from some of the people that they've given wage concessions in order to have the benefits covered. So it will really be a difficult conversation, but one we need to have."

Eve Epstein: So those are cuts to state labor costs, but what about public safety or education? Did the governor suggest any cuts there.

Kristian Foden-Vencil: Yes. There were no sacred cows this year. For example, the governor suggested giving the Department of Corrections the ability to allow offenders to serve the final year of their sentence under county jurisdiction. What that means is using more things like halfway houses, day reporting and ankle bracelets. Here's how he described it.

Ted Kulongoski: "Incarceration is the most expensive tool in the public safety tool box. Every state across the country is being forced to review and reconsider expensive mandatory sentencing strategies in light of the Great Recession. Oregon must do the same. There are strategies, without jeopardizing public safety, that will lower the cost of incarceration through diversion programs that send people to training and local supervision and out of prison."

Kristian Foden-Vencil: You also asked about Education. The governor is suggesting big changes for both K-through-12 and Higher Ed. Because of time, I'm going to bullet some of them:

- He wants to consolidate the Education Service Districts -- these are the organizations that deal with things like school payroll and transportation.
- He wants to change the way schools are governed -- by giving the governor the ability to nominate the 'Superintendent of Public Instruction,' instead of having him or her elected.
- In terms of cold hard cash, he wants to cut the Oregon University System by 15 percent.
- He also wants to align student success with school success.

Ted Kulongoski: "We must embrace charter schools and make them part of our education system. And if a school is failing, we must take the hard, but necessary steps, to turn that school around or close it down."

Kristian Foden-Vencil: A few other suggestions include: reducing the number of patients at the Oregon State Hospital; and cutting the number of children entering foster care. The governor did make one suggestion on the revenue side: getting rid of the so-called "kicker," that returns money to taxpayers.

One thing the Governor didn't suggest is a sales tax -- to pay to keep all these services. In his report it says that history teaches a sales tax is just not a viable option.

Eve Epstein: How are all these changes going to happen. Can Kulongoski just change a few rules, or is something more serious needed?

Kristian Foden-Vencil: Well it's a mixture. Some minor changes can be done with a wave of his pen. But the bigger issues are going to need the backing of the state legislature. Some other ideas, like getting rid of the Kicker, would probably require voter approval.

Eve Epstein: Kulongoski isn't running again, so he's a lame duck. Is he going to be able to get all this done by the end of the year?

Kristian Foden-Vencil: That's a good question. And the answer is that most major changes would likely not happen under his watch. So they'll have to be adopted by the next governor... Republican Chris Dudley or Democrat John Kitzhaber -- whoever wins the seat in November.

But Kulongoski has put all his ideas on the web and he's asking Oregonians for their observations and suggestions.

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