

Leading Ladies

Can Oregon's New Women Leaders in the Legislature Bring Economic Prosperity?
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Expect no feminism here.
At BrainstormNW, we don't grade on the curve.

But we do score the four leading ladies on their leadership in setting out economic agenda. This legislative session will be, must be, about more than budgets. Oregon's economic recovery is, to a great extent, in their hands.

BrainstormNW asked Oregon's new women leaders to tell us what they would do to stimulate Oregon's economy. Here are their answers and our brief evaluations.

State Representative Karen Minnis, R-Wood Village, and House Speaker

The new Legislature and our governor-elect's primary goal next session must be Oregon's economic recovery. While there are many important policy issues that will be debated next session, none are more important than creating jobs and getting Oregonians back to work.

For all the talk by politicians about creating jobs, it must be remembered that government itself does not create jobs. What government can-and should-do is make Oregon a place where businesses and entrepreneurs will want to be.

What can government do to turn Oregon around? A lot. We must restore the state's fiscal health and lay the foundation for a better-managed Oregon. Before we ask taxpayers for any more of their hard-earned dollars, they must be confident that their money is being used wisely. That's why we need to reform the state's budgeting process, fix the Public Employees Retirement System (PERS), streamline the state's permitting process and direct our transportation dollars to improving our ports, airports and road and rail infrastructure.

First, we must end the current service level method of budgeting. It is no wonder that state government continues to grow exponentially when state agency budgets for the next biennium are always the last biennium's budget plus more for assumed growth. That assumption has been false: government doesn't need to grow. If there is any silver lining to our current fiscal crisis, it is the opportunity it provides us to conduct an in-depth review of all government services and programs and fund only what Oregonians deem essential and affordable within existing revenues.

Second, we must reform the Public Employees Retirement System (PERS). With an unfunded liability of \$15.7 billion, PERS threatens to bankrupt not just the state, but counties, cities, school—and other public service—districts across Oregon. As it is currently structured, PERS cannot be sustained. Just a month ago, the PERS Board announced that public employers would see their PERS rates go up 37 percent beginning July 1. That's just this year's increase.

That means schools will have fewer dollars to put in classrooms, police and fire departments will have fewer dollars available to keep public safety professionals on the job, and cities and counties across Oregon will have to decide which services to cut just so they can pay the pension costs of their employees. The system must be repaired not just for the sake of taxpayers but to ensure the security of public employees' retirement accounts. Governor-elect Kulongoski has said PERS reform will be a priority for his administration and I look forward to working with him to make PERS reform a reality.

Thirdly, we must streamline the permitting process in Oregon. One of the biggest complaints I hear from business leaders is that getting the necessary permits to open a business or begin a construction project in Oregon takes too long. The state should set up a one-stop-shopping service for permitting, coordinating the permits required from state and local governments to speed up the approval process for opening a business or beginning construction.

Fourth, we cannot expect to attract industry to Oregon if manufacturers cannot efficiently move their goods to market. We need to channel our transportation dollars to revitalize our ports, airports, highway and rail systems so Oregon manufacturers can remain competitive in the global marketplace.

As past experience has proven, higher taxes and new government programs won't create jobs-they'll only make our situation worse. Oregon currently leads the nation in all the wrong areas: the highest unemployment, among the worst in job creation, and lagging other states in entering economic recovery. We can turn this situation around and put Oregon on the road to recovery by making it a place that taxpayers and investors alike will recognize as accountable and responsible.

The Editors' Response:

As Speaker of the House, Rep. Karen Minnis is second only to the governor in political power in the state. To the Speaker's credit she notes that the other policy issues must be subservient to the critical task of economic recovery. However, she spends as much time discussing the budget (PERS and spending limits) as she does on her two points for economic recovery: streamlining the permitting process and improving our transportation infrastructure. Our advice is to leave the problems of the budget to Rep. Miller (co-chair of Ways and Means) and focus 90 percent of your attention on economic recovery. Leadership requires bold action. Grade: B-

**State Senator Kate Brown, D-Portland,
and Senate Democrat Caucus Leader**

A Blueprint For Oregon's Economic Recovery

There is little question this recession has been more painful for Oregon than just about any other state. If there's a silver lining, it's the opportunity to learn from it-just as we did in the 1980s when we worked to diversify our economy.

We can start with a few big-picture issues: diversifying a tax base that relies on a single, very volatile revenue source; reforming the Public Employees Retirement System; addressing the impact of the rising cost of health care on our citizens; fundamentally

changing the state's budgeting process; and continuing to make state government more efficient and effective while scrutinizing how it serves Oregonians.

While those "macro" changes are extremely important, they may not make an immediate impact on Oregon's economy. So we should consider, simultaneously, short-term changes that can create desperately needed jobs right away and help turn Oregon's economy back in the right direction.

Our highest transportation priority must be relieving congestion and repairing our aging roads and bridges, which are hampering businesses' ability to move supplies and products. While everyone in Salem agrees on the magnitude of the problem, raising revenue to pay for it is another matter. It is my hope that the legislature can find a solution early in the 2003 session so we can start putting Oregonians back to work.

I agree with Gov.-elect Kulongoski that we should review the focus of the Economic and Community Development Department and concentrate on attracting and expanding business in Oregon. The department has done an admirable job in strengthening the infrastructure in communities around the state, but in these tight budget times we should focus our efforts on immediate job creation.

Streamlining our permitting processes can also have an immediate impact by helping companies fill jobs faster. Setting specific timelines for approval/denial and requiring clear and objective standards can go a long way to erase what some perceive as an anti-business climate in the state. We could also undertake efforts, like those in New York state, where several permits are consolidated into a single point-of-entry for business, thus expediting needed projects and creating jobs throughout the state quicker.

Another possible option to expedite permitting processes is pre-permitting key building sites. Having shovel-ready sites for construction provides a valuable marketing tool the state can use to attract new business and jobs. Streamlining the process can provide the predictability and fairness businesses need, and still maintain the quality of life standards that Oregonians value.

Finally, we have to work hard and be creative in looking for new opportunities. The Oregon Council for Knowledge and Economic Development, created by the legislature in 2001, will be proposing a number of good ideas to help rebound our economy. Creating "signature" research centers that can utilize discoveries from our state's research institutions and help develop products that will support the growth of emerging markets is one such idea. Another is refocusing the missions and curriculum of our universities to support the state's knowledge-based economy.

Perhaps most importantly, we must change how state government operates and send loud and clear signals to the business community inside and outside the state that Oregon is ready to be a productive partner in economic development.

To start with, I'd like to see the governor become the state's most active salesperson. Maintaining good schools through stable funding, adequately funding higher education and community colleges (including workforce training), and enacting the efficiencies and budgeting changes as mentioned above. In addition, the state should intensify its focus on retaining existing businesses, recruiting new ones and targeting specific industries in recruitment.

Finally, the legislature must be careful not to make excessive program cuts. New studies show-and one of the legislature's chief economists agrees-that millions of dollars in cuts can be very detrimental to the economy.

Getting our economy on the right track certainly will not be easy, but a leaner, smarter, and more open state government that leverages Oregon's tremendous assets would be a very effective start.

The Editors' Response:

Sen. Kate Brown will share power in an evenly divided state senate. While she references "macro solutions" for government, she did "get" the assignment and spent the majority of her efforts on real solutions: transportation infrastructure, refocusing the Economic Development Department on job recruitment and retention, streamlining the permitting process, creating "shovel ready" industrial sites, and enabling research centers. Most importantly, Sen. Brown notes that it is about "attitude" and she urges the governor-elect to become the state's "chief salesperson." Missing is any reference to assistance to rural Oregon's natural resources industry. Grade: B+

State Senator Beverly Clarno, R-Bend and Senate Republican Caucus Leader

As the 2003 Oregon Legislative Session approaches, legislators will be walking a tightrope as they must both balance the budget and stimulate Oregon's economy. Current economic data show no job growth for the past year, while the latest revenue forecast projects a budget shortfall of nearly two billion for the upcoming biennium-over 17 percent of the entire 2001-03 state budget. These are unenviable times at the state capitol.

Oregon benefited in the 1990's from a huge revenue boom in the high-tech industry, tremendous growth in capital gains, and large increases in lottery revenue, all of which resulted in unprecedented spending and government growth. However, it is evident that the economic downturn adversely affected our once infallible high-tech industry, and coupled with the demise of the timber and agricultural industries, we are now left without a stable revenue source. Consequently, we are faced with one of the highest unemployment rates in the country.

Unfortunately, businesses are exiting Oregon along with their precious jobs to other states and countries where wage demands and permit and regulatory delays are less cumbersome. This trend must stop. In order to rebound, we must work together to pass legislation that will retain current businesses and attract new businesses, investors and jobs. Oregon businesses are the backbone of our economy and we must be committed to bringing in more dollars to Oregon rather than sending them out.

In addition, the Public Employees Retirement System (PERS) must be reformed with the help of our unions. Their cooperation is vital to any solutions that will occur in PERS. The increasing cost of PERS is already taking its toll-as it will cost Portland public schools an additional \$8 million next year. That is equivalent to eight days of school or 132 teachers.

Now more than ever we desperately need to bring government spending in line with expected revenues. Additionally, we need to stimulate the economy. The following two-pronged approach is my recommendation to get Oregon's economy back on track.

STIMULATE OUR ECONOMY

- Eliminate the capital gains tax.
- Allow state and federal sustainable yield harvesting and reduction of fuel load of our forests without three-year costly appeals.
- Revamp the Economic Development Department to focus on creating permanent jobs.
- Direct the Department of Transportation to build toll roads and bridges with public/private partnerships.
- Privatize government operations such as the state motor pool, Oregon Liquor Control Commission, prisons, Oregon Youth Authority, printing and publishing, and the Department of Motor Vehicles among others.
- Grant tax exemptions to private retirees, equalizing taxation on pensions, which will increase consumer spending.
- Eliminate the inheritance tax.

CONTROL AND REDUCE GOVERNMENT SPENDING

- Require the Department of Human Services to follow audit recommended measures.
- Require initiatives to receive proportional signatures from all congressional districts prior to appearing on ballot.
- Redirect the one percent art mandate in all government constructions to schools.
- Replace the PERS board with private sector retirement fund managers.
- Statutorily restrict the growth of all government, which would include any costs associated with voter passed initiatives.
- Reduce by 75 percent all in-state and out-of-state travel as well as dues and subscriptions.
- Require the Oregon Health Plan to follow audit recommendations including eligibility and other cost containment measures.
- Replace PERS with defined contribution plan for new hires.
- Provide legislative oversight of lottery functions.
- Pass legislation for statewide teacher salary schedule similar to Washington state model.

To accomplish my plan will require the joint efforts and cooperation of the public and private sectors.

We live and prosper in a market-based economy that offers us enviable freedoms and possibilities. With those liberties there exists a delicate balance between government intervention and the integrity of our market economy. My goal this legislative session is to protect that balance while stimulating a sagging economy.

The Editors' Response:

Sen. Bev. Clarno is the other half of the senate power-sharing duo. Sen. Clarno's list of initiatives includes the all-important revitalization of our natural resources industries. Oregon could have avoided the depths of its recession had it implemented any reasonable timber harvesting strategy and protected its forests from the devastation of last summer's fires. Given that Sen. Brown's list lacks reference to a rational timber policy, the challenge for Sen. Clarno will be to educate Sen. Brown about the people, places and industries of rural Oregon. Sen. Clarno spent 1/3 of her response on rehashing the past, 1/3 on balancing the budget, and 1/3 on economic recovery. The issue is economic recovery-it should occupy most of your time. Grade: B-

**State Representative Deborah Kafoury,
D-Portland and House Minority Leader**

Wake up, Brainstorm. It's not exactly newsworthy that women will have leadership roles in the 2003 Legislature. I mean, it's 2003, not 1953. Women have been playing key roles in the Oregon Legislature for quite some time. (Yawn. Your magazine is soooooo yesterday.)

That said, let's get down to business. Talk to me in May and I may be singing a different tune, but right now, I'm in a take-no-prisoners mood for a no-holds-barred, wild-bear-wrestling-match of a session. I love my state too much to allow anything else.

So sharpen your pencils, let's go down the list and check off the land mines one by one.

- PERS strings. In the five special sessions (migraine, anyone?) we survived this past year, politicians were dancing around PERS like summer campers running from a skunk. "You can't touch PERS in an election year," we were told. Guess what? The election is over. Here's what we do: Put new mortality tables into law; replace the entire PERS Board and design a new, financially sane plan for new hires. Bang. You're done. The only thing hard about this is actually doing it. Where there's political will, there's a way.
- Smart spending. One thing you're going to hear ad nauseam between now and the beginning of session is this refrain: "Legislators face a \$1.8 billion deficit." Who says? How about this for a concept? Live within your means. That means pay as you go. No borrowing. The state's credit line was maxed out during those special sessions last year and we need to heed the advice of any sober consumer credit counselor: rip up your credit card. Mark my words, the borrowers will be out in force again this year and I personally will stand up to them and say, "Sorry, cash only." (And no more accounting tricks. Those maneuvers simply shift debt onto our future. Where's the responsibility in that?) Lawmakers (including yours truly) must hold the line on new programs or tax breaks until our current crisis is resolved. We can design the state budget from the bottom up and put the money we have where it's needed most.
- Schools to jobs. Are you angry about the economy? Want to do something about it? Invest in schools. Almost every Oregon businessperson I talk to says the number one problem facing our state's economy is the decline in our public schools. Jobs and schools go together-like the song says, "You can't have one without the other." Without an educated work force, new employers don't want to move here. Without good schools, employers who are already here want to move away. If we want good jobs, we must have good schools.

We can do this. It won't be easy, but hey, great generals are never made in peacetime.

Women in charge in Salem? That's right: women who tackle the toughest, thorniest problems. If you're coming to the Capitol the next six months, put on your work boots, roll up your sleeves and cinch up your belts. No whiners allowed.

The Editors' Response:

Rep. Deborah Kafoury is the house minority leader who has presided over a continuing decline in her party's numbers. She chose to use her space to take offense on behalf of women (we suggested that the fact that women will lead all four factions of the legislature was newsworthy and that apparently offended her) and discuss the budget rather than address the issues of economic recovery. She missed an opportunity but then maybe she doesn't understand what drives an economy. (P.S. Rep. Kafoury's PERS solution will not save a dime?or enough dimes to make a difference.) Grade: F

The Editors' Conclusions:

Economic Recovery is Job One.

Producing a balanced budget will not cure the economic problems of Oregon. Speaker Minnis has wisely delegated budgetary functions to Rep. Miller, and Sens. Brown and Clarno would be well served to make similar delegations. Economic recovery requires the full attention of leadership and leadership requires bold action. It's time to get after it.