

## **Kate Brown, business leaders differ on Oregon's problems**

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*By Hillary Borrud*

Gov. Kate Brown kicked off a meeting of business leaders from across Oregon on Monday by trading praises with a hand-picked panel of executives supportive of Democrats' push to raise several billion dollars in taxes and fees next year for Medicaid, education and tackling climate change.

As Oregon rides the peak of the economic cycle, Brown said, "I believe that the time is now, and I think Oregonians agree with that."

Members of the governor's panel at the Oregon Leadership Summit in Portland certainly sounded supportive, as they complimented each other on their work addressing the state's most pressing problems. There was no mention of Oregon's \$22 billion long-term public pension deficit that's sucking more money out of schools and other government budgets.

Throughout the rest of the day, stemming the pension crisis was the central focus.

"I know what you're thinking: another business summit, another talk on PERS debt, and so little to show for it," said Tim Nesbitt, a consultant who previously served as president of the Oregon AFL-CIO and an adviser to Governors Ted Kulongoski and John Kitzhaber.

Tax reform is difficult, and so is reining in the state's pension problems, Nesbitt said. "And trying to do both at once may be twice as hard. But that's the imperative we face now."

The theme of the state's largest annual business gathering, often a preview of legislators' upcoming work, was "time to act." Yet this year the state's elected officials and some business leaders seemed to be talking past each other on what action is needed.

In contrast to recent business summits where governors and legislative leaders gave speeches, this year only Brown attended, and she limited her comments to a brief overview of her recently released budget and policy proposals.

The business coalition behind the summit is calling for the state to raise tax revenue in two ways: by diverting the state's unique personal income tax "kicker" rebate to a rainy day fund for education, and creating a new business activity tax.

The businesses also called for state lawmakers to adopt three strategies to reduce the state's pension liability:

- begin requiring public employees to contribute to the pension fund;
- make employees choose between a pension and 401(k)-type defined contribution plan rather than providing both, as the state does now; and
- get employees near retirement to pay into the pension fund.

"We're not talking about PERS reform in order to back money out of public budgets," Nesbitt said. Rather, shaving pension costs would give the state more money to invest in adding school days, reducing class sizes and boosting teacher pay, he said.

Brown focused on tax and fee increases, including the \$2 billion in new taxes she called for in her budget proposal last week to boost education spending. She also used her role as moderator to praise members of her panel as leaders on Medicaid funding, climate change and education funding.

“What we want is the business community to really be our partner,” Brown said. Then, she asked the three business leaders on the panel to explain to the audience why the rest of Oregon’s business community should get behind her agenda.

“As Oregonians we share a long history of caring about our environment and about the communities we serve,” said Maria Pope, president and CEO of Portland General Electric. “We have the No. 1 renewable energy program in the country that customers voluntarily participate in.”

Brown responded, “I really appreciate your collaborative approach.”

The governor was similarly complimentary to Lisa Vance, chief executive at Providence Health and Services, and Julia Brim-Edwards, Nike’s senior director of government and public affairs and a registered lobbyist for the company.

Brim-Edwards vollied back: “I want to congratulate you on your rehiring by the voters,” she said, eliciting applause from the audience.

Brim-Edwards listed reasons Oregonians should support tax increases to improve K-12 schools, from disparities in educational outcomes for students of color to the role of education in upward social and economic mobility. “You went big on education,” Brim-Edwards said to Brown, referring to her recently released agenda.

“Will we leave here and take action?” Brim-Edwards asked, noting that Oregon businesses have analyzed and debated potential changes to Oregon’s tax system for years. “Or will be leave and fail to act?”

Brim-Edwards and Brown both alluded generally to the state’s need to increase accountability for school performance in Oregon but did not suggest any specifics.

In her final question to the panel, Brown suggested the policy positions of Oregon’s largest business groups are tired and outdated.

“I’d love to hear from you whether we need to keep doing things as we’ve always done them, or if the business community should take a different approach” to working with government, the governor said.

It was the perfect setup for Brim-Edwards, who’s been meeting with public employee unions and the governor throughout the year: first to strategize around defeating conservative ballot initiatives and re-electing Brown, and now to develop proposals to raise business taxes in the 2019 legislative session.

“What I think we need to do heading into the legislative session is disrupt the status quo,” Brim-Edwards said. “If we want to get the same outcomes, we’ll do the same thing.”