

GUEST EDITORIAL FROM THE CORVALLIS GAZETTE-TIMES

Kate Brown's budget amounts to a wish list

So let's say, for the sake of argument, that you're building a household budget for 2019. Let's say you think you might have a shot at a 5 percent increase in income during the year; good work on your part.

But let's say that there are some items on the expenditure side of the budget that you've been putting off for years. Maybe the house finally needs that new roof. Maybe you need to find a bigger house. But you've done a little bit of financial work and you don't think that 5 percent boost in income is going to cover those expenses.

So you say, what the heck: You go ahead and build all of those expenses into your 2019 budget, even if you're not clear where the money will come from.

What you have isn't really a budget. It's more of a wish list.

Which brings us to Gov. Kate Brown and the budget plan she released last week. The big takeaway from Brown's proposed budget: She's hoping to work with legislators to find an additional \$2 billion to help fund K-12 schools (and to help them pay off their growing bills for the state's public pension system) and to stave off what would amount to cuts in the state's higher education system.

But Brown is silent on how to raise that additional money; she says she plans to work with legislators to craft a revenue deal. She might be aided by the fact that Democrats finally have a three-fifths supermajority in each chamber of the Legislature, which allows them to raise taxes without a single Republican vote, but the supermajority margins are slender indeed: In the Senate, it would take the defection of just one Democrat to eliminate the supermajority.

So what this plan amounts to is a wish list.

To be fair, the governor's budget represents just a starting point, and will get a thorough working-over from legislators when they gather for their 2019 session. And Brown does have some business allies on her side in her negotiations for revenue increases, most notably the Coalition for the Common Good, a new organization that includes Nike and some of the state's powerful public-employee unions.

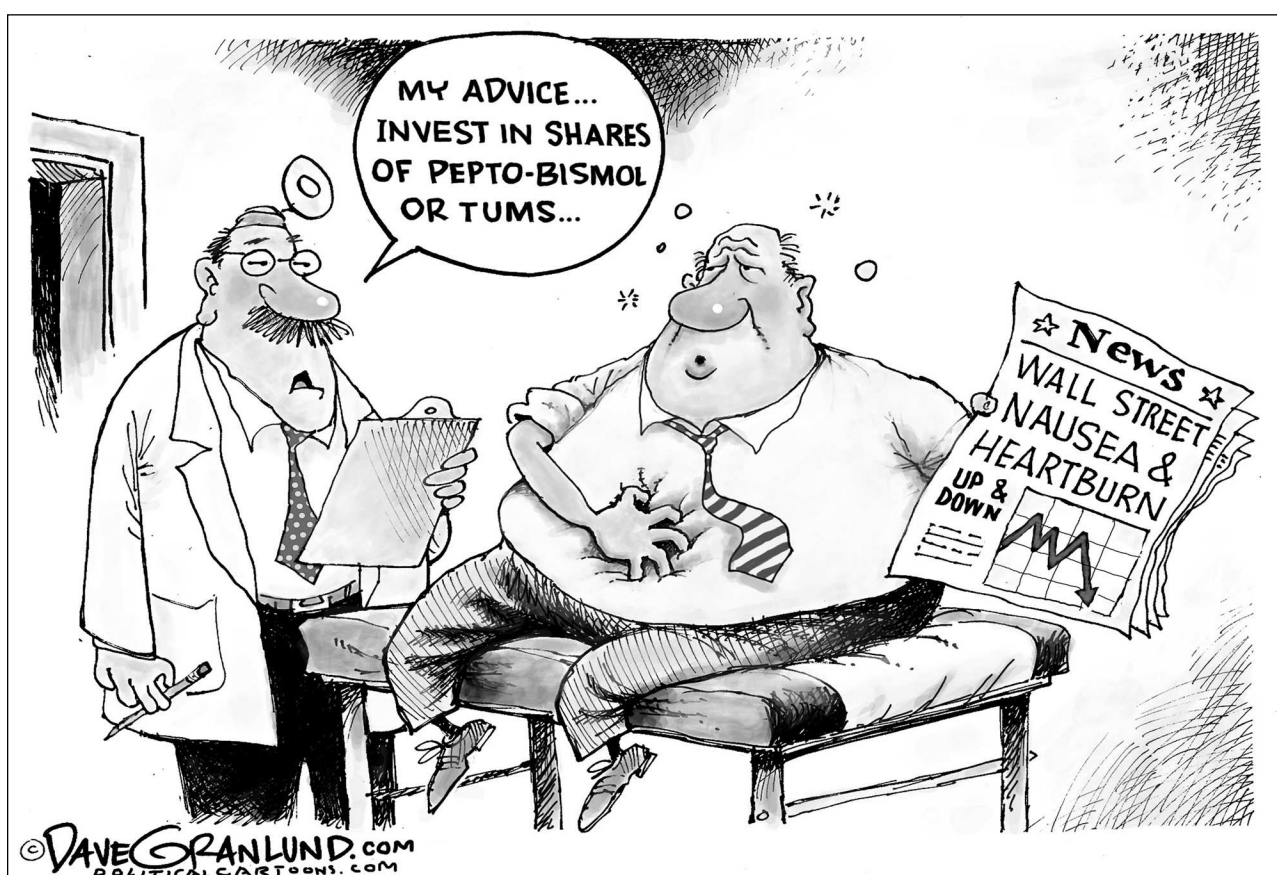
Brown also is hoping to gain allies from the state's public universities: Her proposal now includes no general fund increases for university programs, despite projected cost increases of more than 8 percent for the state's public pension system and health care costs.

To be fair, Brown has termed that unacceptable and has offered a carrot to higher education: If legislators find that additional \$2 billion, she'll earmark more than \$580 million of that for higher education. But if the revenue deal falls through, higher education officials say they may have no recourse but to cut programs and impose double-digit tuition increases. (There's a catch to that as well: Tuition increases over 5 percent require the approval of the state's Higher Education Coordinating Commission, and Brown has lobbied that body in the past to keep a lid on those increases.)

So it could be that higher education officials will be in Brown's corner as the Legislature convenes — why pass up a chance to collect an additional \$580 million? — but you couldn't blame them for having a sour taste in their mouths.

That sour taste could extend as well to Oregon taxpayers, who might point to the fact that the state, despite signs of a looming economic slowdown, will collect more tax money in the coming two-year cycle than ever before but still will be some \$623 million in the red, thanks mostly to rising costs for the state's Medicaid program.

In the meantime, Brown has said she didn't put a revenue proposal of her own on the table because she didn't want to eliminate any options. At some point, though, she's going to have to show her cards for this proposal to get past the wish stage.



OTEC needs to move quickly as renewable revolution speeds up

There are certainly storm clouds on the horizon for the Oregon Trail Electric Cooperative, but they're coming from a very different direction. While we appreciate the utility's open acknowledgment of the threats it perceives, much of the recent article in its Ruralite magazine was badly misdirected, and it doesn't get to the heart of the issue.

Pushing water across the dams more often means more juvenile fish returning home in the future. That's what all the numbers show. A carbon tax on the use of fossil fuels by power producers that returns that cash directly to consumers is one of the proposals before the legislature. That would cut down on carbon emissions and put money in the right pockets. That would be something we should all lobby for, not against.

As for the four Snake River dams, their problems are economic. Sediment is filling the reservoir behind Little Granite so quickly that only millions of federal tax dollars will save Lewiston, Idaho, from drowning. How long will the rest of the country be willing to pay for that? More important, in 10 to 15 years, what power those dams do produce will be unneeded and go unused. That starts to get to the eye of the storm that lies ahead.

The Bonneville Power Administration's problems go well beyond fish. Summer power sales to California have collapsed. So much solar energy is available in that state they hardly know what to do with all of it. Since the cost of storing that power is coming down very rapidly, they have plans to do just that. So they'll be looking for places to sell the excess.

It won't be in Colorado. That state's utility will eventually replace all its

coal-fired power with wind and solar power — and storage — because those combinations are cheap and getting cheaper. The power companies in sunny Nevada and Arizona are planning for that very same future. They bought in after consumers rebelled when utilities tried to short-circuit solar power.

Meanwhile, Idaho Power has worked hard to slow down the rise of renewable energy in that state. They successfully lobbied the utility commission to change the rules, and a \$200 million storage project proposed for Twin Falls was denied a long-term contract to sell power to the utility. Why? Because solar power was in the storage mix. That's a holding action at best, one that makes it clear how un-needed the proposed Boardman to Hemingway power line is.

BPA is now forced to rethink its business. It expects to lose utility customers in the next 10 years to this changing landscape and that will mean higher prices for the customers who are left. BPA is working to reinvent itself, scrapping a plan to build one more power line through the Willamette Valley and planning for a future where customers roll their own power. OTEC needs to go down that same path.

It's clear the 100-year-old business model that worked well is disappearing. Having the chief financial officer speaking for OTEC in the Ruralite trying to preserve that outmoded way of doing business is the wrong approach. This is a seismic shift that will require real creativity on the part of the board as well as a clear understanding of the challenges ahead. That's something that goes well beyond bean-counting. Oregon Rural Action has worked

Write to us

MY VOICE

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to find viable models that could help OTEC with that transition, models that would allow the company to partner with its customers. There would be savings for both those consumer/producers and for OTEC, and the utility would benefit from learning how to gather power from the ground up instead of the top down. While OTEC has yet to buy in, it's only a matter of time before it will be scrambling to do so.

Given the speed of the renewable revolution, OTEC needs to move quickly. It can't happen soon enough.

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