

Oregon budget shortfall

Labor scrambles to find ways to lessen state budget cuts

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Associate Editor

SALEM — Cuts are coming. Teachers, jail beds, and aid to the elderly are on the chopping block as the Oregon Legislature haggles over the state budget at a time of sagging revenue and surging need.

Could the Legislature stop or slow the cuts by raising revenue — taxes on high-income individuals, corporations, vacation homes, estates?

In a mock budget exercise on March 29, members of the non-profit public affairs group Portland City Club tried to balance the state budget. They concluded it was common sense to enact various revenue increases rather than cut funds to health, public safety, and education.

The union-supported public interest group Our Oregon makes a similar exercise available at a new web site, *oregonbudgetpriorities.com*. The site lets you balance Oregon's budget — with 41 spending cut options and 17 revenue increase options — and watch your progress as you whittle down the budget shortfall. Participants overwhelmingly opt for the revenue increases, said Our Oregon spokesperson Scott Moore.

But constitutional roadblocks make that harder to do in the state Legislature.

A constitutional amendment — which itself passed in May 1996 with 55 percent of the vote — requires a 60 percent super-majority in the state senate and state house to pass any tax increases.

[Spending cuts and tax cuts, on the other hand, can pass with a simple majority.]

Politics make any attempt to pass a tax increase harder still. Democrats occupy the governor's office and control the Oregon Senate, but the Oregon House is divided 30-30 between Democrats and Republicans. Not only is the Republican House leadership not supportive of revenue increases, but they're calling for capital gains tax cuts, and proposing to set aside over \$400 million in reserves.

Three of the largest public employee unions — Oregon Education Association, Service Employees International Union (SEIU), and American Federation of State, County and Municipal Employees (AFSCME) — are criticizing the Republican leaders for that

stance in a television ad campaign.

And SEIU and AFSCME are planning a rally in Salem just after the Legislature receives its final revenue forecast of the session in May.

"How can they be reluctant to tax the wealthy when they're cutting the wages of working-class and middle-class people? That's bullshit," said Oregon AFSCME Executive Director Ken Allen. State workers are being asked to accept a 15 to 23 percent cut in compensation: In contract bargaining, the state is proposing that employees take a pay freeze, increase their contribution

to health care costs, pay 6 percent of their salary toward pensions, and have their hours cut via periodic furloughs.

To lessen the harm of budget cuts, SEIU Local 503 asked its members to suggest ways their agencies could save money. About 1,600 workers responded (about one in 10 of the state workers the union represents), and the union summarized this feedback in a report released March 22. The report identifies \$333.5 million in potential savings. Some of SEIU members' suggestions:

- Thin the ranks of managers. The state has a manager for every 5.7 workers; decreasing this to a ratio of 1 to 7.7 could save \$7 million in the next 15 months.
- Get serious about contractor waste. SEIU found that for some services, the state pays more to a contractor than it would cost to do the work with its own employees. Oregon spends 20 percent more for contracted nursing and 68.9 percent more for contracted information technology than it would if it did the work in-house, according to the union. Over \$100 million could be saved by cutting service and supply contracts by just 10 percent.
- Increase staff — and focus more on dollars and cents — at state departments that bring in revenue, like the Medicaid Fraud Control Unit at the Department of Justice, and the Oregon Department of Revenue.

But even implementing every one of SEIU's suggestions wouldn't be enough to stave off cuts.

To lessen cuts, some lawmakers are taking a look at reducing or eliminating tax giveaways.

"We are spending more on tax breaks than we are on education, public safety and health care combined," said State Rep. Jefferson Smith (D-Portland). Smith has been pushing a package of bills that would rein in tax breaks in a variety of ways.

Under a law passed last session, all tax credits expire unless the Legislature votes to renew them. Twelve tax breaks would expire in the next two years. The biggest are the business energy tax credit (estimated to cost \$240 million

in the 2011-2013 biennium), two Enterprise Zone tax break programs (\$62 million) and a residential alternative energy tax credit (\$14 million.)

"We're asking legislators to stop making the hole deeper," said Oregon AFSCME Political Coordinator Joe Baessler. "Let these sunset. We don't want the budget totally balanced on our members' backs."

"If we're talking about a 40 percent cut to long-term care for seniors," suggests Our Oregon spokesperson Moore, "shouldn't we be talking about a 40 percent cut to tax expenditures that benefit large corporations and the wealthy?"

As for requiring corporations and the wealthy to pay a bigger share, voters did that with Measures 66 and 67 in January 2010, but some of those increases are due to expire soon.

Allen said if a supermajority of lawmakers can't be found to add revenue to the mix of shared sacrifice, a citizen initiative might be the next logical step.

"We don't need a three-fifths majority," Allen said. "We need 150,000 signatures on a ballot measure."

There could be public support for that, shows a poll commissioned by SEIU. The union says a March 3-8 poll of 600 registered voters by Greenburg Quinlan Rosner Research found support for "a balanced approach that includes some revenue enhancement to offset the worst of the proposed cuts to education, senior care, and public safety."

"The trend holds up across the board even across party lines," said Moore. "People hate cuts to the things they care about. They will feel those very personally."

"How can they be reluctant to tax the wealthy when they're cutting the wages of working-class and middle-class people?"



William Carr of Sheet Metal Workers Local 16 gets a youngster set up with a fishing pole at Kline Kids Fish-in April 9 at Salmon Creek Park in Vancouver.

Union sponsors, volunteers help keep kids' fishing event going

Nearly two dozen union members volunteered throughout the day helping 1,700 kids ages 5 to 14 bait hooks, cast, and reel in fish at Kline Kids Fish-in April 9 at Salmon Creek Park in Vancouver.

For a \$5 registration fee, each child received a Zebco rod and reel and a T-shirt with sponsor logos. Two days before the event, Kline Pond was closed to the public and stocked with several thousand trout. About 550 fish weighed 5 to 10 pounds.

Biggest and smallest catches in two age brackets throughout the day won bikes, tackle boxes and other prizes.

State budget cuts nearly quashed this year's fish-in. A \$160,000 grant that the Washington Department of Fish & Wildlife has received in past years to organize fish-ins throughout the state was cut. So a call went out for sponsors and volunteers to keep alive the event at Kline — which costs

roughly \$35,000 to put on.

"People stepped up this year," Wil Morrison of the Washington Department of Fish & Wildlife told the Labor Press. "It's phenomenal, absolutely phenomenal."

A dozen union organizations kicked in cash, with twice that volunteering to help kids fish and set up gear days before the event.

Unions involved were Sheet Metal Workers Local 16; Painters District Council 5; Painters Local 10; International Longshore and Warehouse Union Local 4; International Brotherhood of Electrical Workers Local 48; Laborers Locals 296 and 320; Southwest Washington Central Labor Council; Fire Fighters Local 1805; Labor's Community Service Agency; American Federation of Teachers-Portland Community College Faculty Local 3922; and Graphic Communications Conference-Teamsters Local 296M.

Local Motion

March 2010

A list of Oregon and Southwest Washington workplaces deciding whether to be union-represented — as reported by the National Labor Relations Board and the Oregon Employment Relations Board.

Voting in union elections

Date	Workplace (Location) Union	Yes	No	
3/1	West Valley Fire District (Willamina) IAFF	6	1	👍

Unionizing by majority sign-up

Date	Workplace (Location) Union	Number of workers in unit
3/21	City of Enterprise (Enterprise) Laborers Local 121	7
3/28	Philomath Rural Fire Protection Dist. (Philomath) Philomath FD Emp. Assn.	6

Requesting a union election

Workplace (Location) Union	Number of workers in unit
RAB Communications cable installer (Portland) IBEW Local 89	68
Sunrise Dental (Portland, Camas, Vancouver, Battleground) UFCW Local 555 DECERT	9
LaPine Sewer District (LaPine) Teamsters Local 962	5
LaPine Water District (LaPine) Teamsters Local 962	3

LEGEND

- 👍 : workers will be union-represented
- 👎 : workers will be on their own
- DECERT** : unionized workers vote whether to go non-union