

WHEELER, from page 3

7-year-old daughter and you're thinking about, "Well, what's it going to be like when I'm an adult?" This is of critical importance to you. So this, in a sense, is a legacy investment by our generation to future generations. They will always have that endowment, it will be permanent, it will be constitutionally locked and it will continue to grow with time and it will continue to have economic benefits for future generations of Oregonians. But it requires us to take the first steps and make the initial investments for it to happen. And frankly, the legislature wouldn't do it unless I took it to the ballot and demonstrated that the public is supportive of it, so that's what I'm doing.

E.G.: *What would you say to those who might suggest that the Oregon University System, in which tuition is steadily rising as state assistance falls, should be reformed before programs like the Opportunity Initiative, which would ultimately funnel more money into the system, are created?*

T.W.: There are a series of studies out there that show that advanced education and training will become more important in the future rather than less. There's a study, for example, that Georgetown University completed last year. The state of Oregon is one of the handful of states that will disproportionately rely on advanced education and training — because of the structure of our economy, because we have so much manufacturing, so much health care, so many professional services in this state — we're going to need more, not less, education and training.

The reason that the cost of higher education in this state has gone up is because the legislature has supported higher education less and less each year. We're now 47th in

the nation in terms of our per capita contributions to education ... They're not getting the revenues from the state's general fund. What they've done is shifted the costs to the backs of students and their families.

So somebody might say, "OK, well that accounts for the 50 percent increase in tuition and fees paid by students and their families during a recent eight-year period, but that's OK because we have student aid, right?" Well the truth is we have the evil twins: We're a high-cost state in terms of the price paid by students and their families, and we have very low student aid. The student aid in this state is so anemic that only one out of every five students who qualifies based on need — and bothers to apply for that student aid — only one out of five get anything. Four get nothing.

How can our state succeed if four out of five students who need aid to get the education and training that we know becomes more important in the future rather than less, are denied access to that aid?

E.G.: *This initiative would create training for middle-income jobs, but there is the other side of the equation: Where are the jobs?*

T.W.: The jobs have been downsized and outsourced for the most part. When we're talking about the jobs that were in the middle that are no longer there — think about our timber manufacturing jobs in Southern Oregon — when those jobs disappeared, they were replaced by hospitality jobs. Hospitality management jobs pay about half of what manufacturing management jobs paid in Southern Oregon, so if you're asking, "Why does Oregon

The Opportunity Initiative

This November Oregonians will vote on Ted Wheeler's Opportunity Initiative, which he says will create funding for student aid and vocational and technical training programs without competing directly with funding for K-12 education — and without costing taxpayers a dime.

The initiative calls for a constitutionally-locked endowment created with the income earned from investments made with borrowed money. Debt payments on the borrowed money would come out of the state's general fund. Wheeler says that if the investment returns are only half of what the returns have been over the last 30 years in the state's pension fund, it will still expand student aid and create a growing and lasting education fund for future generations of low-income Oregonians.

While the amount that will be borrowed is not set, it is estimated that for every \$100 million invested, \$5 million would be

struggle with lower wages more than other states?" That's part of the reason.

Oregon has two separate economies: one where people are succeeding, where they are receiving family-wage jobs and they have the skills and education to be able to get those jobs. Then there's the rest of Oregon where people are stuck in sustenance-level wages and they tend to be lower-skilled jobs.

If you want to grow the state economically, you've got to figure out then, not how to get them into the middle, where the jobs are gone, you've got a bigger leap that you have to make. You have got them from the low-skill, low-wage to the higher-skill, high-wage jobs. The only way, factually, that I know we can do that is through education and training.

When I hear the people who watch these trends, like the people at Georgetown University, say, hey, listen — Oregon is going to be one of these states where you're going to need more people with advanced education and training. Why wouldn't we make that investment, knowing that it could only benefit this state and our communities in the long run?

E.G.: *So, what types of jobs do you see coming here then?*

T.W.: Some of the jobs that will come here are actually just an extension of jobs that are already here. When Intel makes a decision to expand a facility here and invest billions of dollars, part of their calculation is whether or not we're going to have the people to fill that facility.

We're in the heart of downtown Portland here at the Street Roots headquarters. We're surrounded by a myriad of innovation and technology-based companies that are growing. They're tomorrow's winners, and what I hear from technology companies repeatedly is that they do not have enough people with the skills to be able to employ them here.

That's a double threat. Number one: That means they have to recruit out of state. And number two: It makes it more likely that when they get to the point where they need to hire a lot of people, they're not going to do it here.

We have a number of manufacturers located within spitting distance: Vigor, Gunderson, Schnitzer and others. Oregon has a huge growth rate in its health care

sector and, of course, professional services covers an entirely different group of growing business opportunities in this state.

E.G.: *How would raising the state's minimum wage to \$15 an hour affect state finances?*

T.W.: If I were an economist the part of this that I would want to study is — I don't know what the right number is, and I'm sure there is some economist out there who knows what the right number is, but it's closer to a living wage than not, and what we've seen time and time again is that if the minimum wage is set too low, you basically have private sector, for-profit companies subsidizing their operations with taxpayer money through the provision of social services to their employees. So there is a social issue here.

If the initiative passes, it will still need to be funded, but Wheeler believes putting it on the ballot will show the legislature that Oregonians support it.

E.G.: *So would you support a living wage over a minimum wage raise?*

T.W.: I don't want to get pegged to a particular dollar and cents without really knowing the answer to the question. I know we want the wage closer to a living wage than to a poverty wage, and I think it's pretty clear today we're stuck in poverty territory.

E.G.: *You hosted a summit at PSU last week to discuss investing in renewable energy and you said you, "left feeling more optimistic than ever that there are investment opportunities," in that category. Does this mean we might see Oregon shift away from investing in companies such as Chevron and Exxon Mobil, in which the state currently has \$157 million in holdings, and start investing in companies that are more in line with the state's emission-reducing goals?*

T.W.: I do not think wholesale divestment in the near term from energy is a smart move for a public employee pension system. That being said, the cost of fossil fuels is going to continue to increase and the cost of renewable energy resources is going to continue to decrease. I believe as a state treasurer that we should accelerate the transition away from fossil fuels towards profitable renewable energy investments.

The point of the conference was to discuss what renewable energy investments are available today that public employee pension programs across the country can take advantage of, and what are the emerging trends, and most importantly, how can we, as a large institutional investor, work with other large institutional investors to help speed that transition away from fossil fuels towards renewable energy.

A couple of days after the conference, the nation's most respected investor, Warren Buffet, pledged to double his renewable energy investments going forward to \$30 billion. That tells me as much as anything

that the pendulum is already swinging towards renewables and Oregon, I believe, has an obligation to lead that swing. But we have to do it in a fiduciarily responsible manner.

E.G.: *Is it just too risky to invest right now?*

T.W.: We're not opposed to risk. We're return focused. And right now the problem is that a lot of renewable energies only guarantee a return if they're subsidized by the federal government. And as long-term investors we don't want to hang our profitability on Congress. So what were looking for, those opportunities that can stand on their own and be successful. I'm convinced, having listened to some of the nation's leading investors and larger companies that are involved in renewable energy ... that there are opportunities to be had, not only in the future, but right now. And I've asked our investment team to start steering more of those opportunities towards the Oregon Investment Council so we can include those in our portfolio of investments.

E.G.: *I did read a little bit about what you're doing for retirement right now. If I'm in poverty, and I don't have any money to put into retirement savings, what is the Treasury working on right now that would help me?*

T.W.: The legislature passed a bill in the last session that created a work group that I chair. The purpose of the work group is to evaluate the state of retirement readiness in the state of Oregon.

About half of Oregonians are not saving for retirement, meaning they're relying on Social Security, assuming they get access to Social Security. And not everybody does. We know that retirement insecurity skews in some way that people would not find very welcome. Women, particularly single, female heads of households, are disproportionately in the retirement insecurity bucket. So are minorities, so are people who are employees of small businesses, and guess what? Most people in this state are employees of small businesses.

The retirement industry, on the other hand, argues that there are myriad of retirement-security products out there, but that people just aren't buying them. So the question for our task force is: If there's a lot of products out there, and there's a lot of people who aren't buying them, why not?

A lot of people think of the retirement security issue as being about older adults. It's not. I'm actually more worried about millennials than I am older adults.

So the question is, how do you get a millennial who has a part-time job, who is in a tough employment environment with very high housing costs — how do you get them to actually start thinking about saving for something that's not going to happen for 40 years? Because what we know is, the earlier you invest and the more you invest, the more likely you are to a healthy and secure retirement at the end of it, but it requires people to start now.

We just don't value financial education in the United States. Increasingly it's not part of our school curriculum. We don't talk about it enough. If we focused on retirement preparation to the same degree we do, say — smoking, it could make a big difference in terms of savings rates.

E.G.: *What will be the main plank of your platform when you run for governor in 2018?*

T.W.: That is a loaded question! I'm on to you! I don't know if I'll run for governor. Maybe some day. That's a long way off.

I've got my hands more than full with the agenda I want to accomplish in the next couple of years. And frankly, there are some advantages to being able to do it from the role of State Treasurer. It's a great job. Given how important financial issues are to the public right now, the treasury is a great place to be. I'm working on exactly the issues I want to be working on.