

Workers get \$2.5 million prevailing wage settlement

By PARIS ACHEN
Capital Bureau

SALEM — Some 325 employees who built a dining hall and residence halls at Southern Oregon University will receive \$2.5 million in a settlement with the Bureau of Labor and Industries.

The sum is the largest prevailing wage settlement in the 112-year history of the agency, according to bureau spokesman Charlie Burr.

"This settlement is a result of an extensive, multiyear effort by our Prevailing Wage Rate Unit to ensure that these workers receive every dollar they've earned," Labor Commissioner Brad Avakian said in a statement.

Southern Oregon University already has directed \$1.5 mil-

lion to the Bureau of Labor and Industries. The agency mailed payments from that amount to 179 workers Tuesday.

The bureau will contact the remaining 146 workers to secure individual releases of claims and collect and distribute the outstanding payments by May.

The bureau's Wage and Hour Division initiated about 80 prevailing wage audits, starting in 2013, because of information found during a separate investigation at a Southern Oregon University project.

The inquiry determined that 44 contractors and subcontractors on the project owed \$2.6 million to workers. Prior to the \$2.5 million settlement, the agency secured about \$52,000 in wage payments for the workers.

The employees built a dining hall and two student residences in 2012 and 2013 at the Ashland campus.

The university paid the settlement despite disagreeing with the agency's conclusion.

"Though SOU disagreed with BOLI's conclusion that additional wages were owed on the project, due to the time and cost of litigating the dispute, the SOU administration concluded that it was in the best interest of all involved to mutually resolve the dispute," university spokesman Ryan Brown said in a statement. "SOU is looking forward to moving on from the issues and continuing to serve our students and community."

The Capital Bureau is a collaboration between EO Media Group and Pamplin Media Group.

Transit funds help wheel rural people together on coast

By KATHERYN HOUGHTON
EO Media Group

LONG BEACH, Wash. — Pacific Transit bus 24 left the Port of Ilwaco at 6:50 a.m. Monday to take the morning's first group of travelers into Astoria. In Pacific County, people without access to a vehicle have to rely on the transit system as their only option to travel outside their communities.

Pacific Transit received nearly \$2 million in grants this year as a part of Connecting Washington — a new transportation package the state Legislature approved to support rural public transportation. The package is expected to give \$16 billion to public transit over the next 16 years.

Rich Evans, director of Pacific Transit, said customers only pay for a sliver of the company's cost.

"It's very, very good news the state is focusing on this because we operate off of grants," Evans said. "Every two years we have to beg the Legislature for money and this removes some of that pressure."

He said roughly half of the transit's operational funding comes from state and federal grants and the majority of the remaining revenue comes from a three-tenths sales tax from the county.

Maintaining access

Larry Vaughn, 53, flagged the bus down outside his Seaview, Washington, home just before 7 a.m. with a flashlight in one hand and a cane in the other. Vaughn began riding the bus seven years ago after he discovered he had degenerative disc disease and decided to sell his car.

"The bus is the only way I can get to my doctor appointments," Vaughn said. "Plus, it fits with my financial lifestyle these days." He paid \$1 to travel to Astoria and back.

Gayla Walsh, a communications officer for the Washington State Department of Transportation, said there's been an increased effort in recent years to create reliable transportation throughout the state.

"Within rural areas, people have longer distances to travel for services or goods," Walsh said. "And for people who don't have access to a car, or have a disability or some sort, that can be really hard."

Pacific Transit most recently received more than \$52,000 as a part of a vehicle replacement project and \$250,000 to support its rural public transportation service.

The status quo

After the bus pulled into Astoria Monday morning, Vaughn headed to McDonald's before his doctor's ap-

pointment to pick up a breakfast sandwich.

"This bus gives me a sense of normalcy," Vaughn said. "I have the freedom to go to breakfast and then head to my appointment without relying on anyone but the bus driver."

As the bus turned back onto the peninsula a half hour later, a family of three flagged down the driver. The dad was off to work in Chinook and the mom and son were traveling to South Bend to visit family for Christmas.

Evans said Pacific Transit's bus routes depend on people's needs. The system is unique because it crosses state borders to get passengers to other transportation options that can take them to destinations like Portland, he said. The organization also works with other county public transits to close some of the coverage gaps for customers.

He said Pacific County's ridership has been consistent, so there hasn't been a recent reason to increase or change the transit's service.

"Honestly, we just expect to maintain the status quo," Evans said. "The revenue we see right now allows us to do just that."

He said if the need grew, Pacific Transit would have to begin looking for more grants.

Employment Department computers still vulnerable a year after security breach

By HILLARY BORRUD
Capital Bureau

SALEM — Computer systems at the Oregon Employment Department remain vulnerable more than a year after a major data breach at the agency, according to a state audit released this week.

State employees have taken steps to tighten the Employment Department's cyber security, but auditors found that problems remain. These include a lack of control and tracking of which state employees can access data, and ongoing security flaws at the state data center where the Employment Department systems are housed.

The data breach at the Employment Department in October 2014 affected more than 800,000 people. An anonymous tipster alerted the state that hackers had accessed information including names, addresses and Social Security numbers of people who were looking for work. People who received unemployment insurance also received notices they might be affected.

Many of the problems cited in the audit stem from the Employment Department's use of mainframe computer programs from the 1990s, housed at the Department of Administrative Services' state data center. The agency started the process to replace the systems, which it uses to collect employment taxes and disburse benefits, but it will take a decade to complete, said Legislative and Public Affairs Manager Andrea Fogue. By then, the systems will be at least 30 years old. As a result, employees have to do a lot of work manually.

"It is a long, ongoing process so it's happening as quickly as it can," Fogue said.

Lack complete understanding

State employees also lack a complete understanding of the systems' security functions, because of poor documentation over the years, auditors wrote. Auditors found the Employment Department and Department of Administrative Services have not done enough to protect confidential information from inside the organization, by restricting access to certain high-level employees and monitoring their actions.

Old computer systems have prevented the Employment Department from fixing security flaws on its website that put Oregonians at risk of what is known as a "man in the middle" attack. As of Wednesday morning, the Employment Department portal where people can file claims for unemployment insurance was still using the encryption protocol TLS 1.0 that has been known to be vulnerable for years.

Fogue said earlier this year that information technology employees had taken additional steps to encrypt the sensitive information entered on the website, so even if an attacker intercepted the information, "it would take years" to decipher.

Security weaknesses

The EO Media Group/Pamplin Media Group Capital Bureau first reported on the security weaknesses on websites operated by the Employment Department and other state agencies in April.

In a written response to the audit, Employment Department Director Lisa Nisenfeld wrote that the agency has already started to implement some of the auditors' recommendations. However, Nisenfeld wrote that some of the suggestions — such as

strictly limiting which employees can access certain data — cannot be implemented until a new system is in place.

Auditors wrote that computer systems should employ "a complex and multi-layered" security system to defend against hackers, but stopped short of saying whether the Employment Department systems met that goal. They did, however, refer to the findings of an audit of the state data center earlier this year which also apply to the Employment Department systems at the facility. That audit found that state data center employees never implemented many of the security strategies planned when the facility opened in 2006, and they ignored repeated findings of security shortfalls in half a dozen state audits and a private consultant's report.

Handle a lot of money

The computer systems also handle a lot of money: in 2014, the state collected \$1 billion in employment taxes and paid out \$625 million in unemployment insurance benefits, according to auditors. The Employment Department had also been skipping an important step that could detect unemployment tax return errors, according to auditors. That crucial report could help the state detect when employers over or under report taxable wages. Auditors found that roughly 4,400 employers might have underpaid their taxes by as much as \$2.9 million in 2014, or 0.4 percent of total taxes collected. At the same time, other employers overpaid their taxes by nearly \$850,000.

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Bummer! Tax-free pot burns out

Associated Press

PORTLAND — Oregon's tax-free marijuana sales come to an end next year.

Beginning Monday, the state will collect a 25 percent sales tax on marijuana products sold to people without medical cards.

That means pot will become one of just three products with a tax applied at the point of sale. The others are hotel rooms and prepaid mobile phone credits.

Oregon marijuana stores have been selling tax-free pot in limited quantities since Oct. 1 due to a quirk in the voter-approved initiative that allowed adults to buy the drug from licensed stores.

State marijuana sales taxes will drop to 17 percent late next year when Oregon's recreational marijuana program is fully up and running. Local governments will then be able to assess their own taxes of up to 3 percent.

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