

# Governor Brown to unveil plan to help schools cover PERS costs

Claire WITHYCOMBE  
OREGON CAPITAL BUREAU

SALEM — Two elements make budgeting a painful math exercise for the Umatilla School District: employee health benefits and retirement benefits.

Right now, the school district pays about 8 percent of its budget, or \$1.2 million, to the Oregon Public Employees Retirement System.

In the next school year, that cost will go up an estimated \$46,000.

That may not seem like much, but for Umatilla it could mean cuts — especially if the state doesn't come up with more money for schools.

"If there's any type of increase, that is a direct hit to what we can offer to students," said Superintendent Heidi Sipe. "...PERS is a larger and larger percent of those expenses that's hitting us harder and harder each year."

Gov. Kate Brown wants to help Sipe and her colleagues in districts across Oregon by diverting state money to pay part of the districts' retirement bill. She is scheduled to unveil exactly how she would do that in an appearance before the Capital Construction Committee Friday.

Brown's proposed budget already is intended to help districts maintain the district's current staff,



Second-grade teacher Sue Smith holds out a cue card while teaching her class about the calendar in September 2014 at McNary Heights Elementary School in Umatilla.

HH file photo

Sipe said.

But legislative leaders have released a lower tentative budget that means Umatilla may have to cut one teacher and two assistants.

That makes a difference in a district with about 90 teachers and roughly 330 personnel altogether.

"Every cut hurts," Sipe said. The rapidly growing cost of retirement benefits is putting the

squeeze on school districts across the state.

Larger school districts are bracing for eye-popping increases until 2035.

Brown wants to make those leaps less dramatic.

Her goal: rustle up at least \$2.46 billion between 2021 and 2035.

That money would go to a special account to offset the increases.

Brown wants \$800 million in "seed funding" to get that account started later this year.

Then, over time, the state would dedicate more than \$1 billion in future taxes to help schools mitigate increasing assessments to cover retirement costs.

The upshot is, if the state is helping schools pay for those increases, schools would be able to use their

money for other things — namely, to keep teachers on payroll.

"She doesn't want to see cuts in teacher positions," Nik Blosser, Brown's chief of staff, said in an interview.

Where would the money come from?

Brown is flexible, Blosser said. But she has some ideas.

They include using some of the "kicker" income tax rebate, using money from the state's workers compensation fund, and using any higher-than-expected revenues from taxes on capital gains and estates.

Brown signed a bill Wednesday that would reduce the expected 2020 kicker by \$108 million.

Brown is also proposing that employees contribute money to their basic pension, in an amount depending on their salary and when they joined government service, until the system is fully funded or 14 years, whichever comes earlier.

PERS is a hybrid plan, meaning there's a basic pension and a 401(k)-style savings plan on top.

The governor's idea is to reduce the amount of money employees contribute to the 401(k)-style plan, and put that money toward paying for the employee's basic pension.

Employees wouldn't see a pay cut under that idea. But their benefits would get reduced.

# Cities worry about prevailing wage bill's impact on development

By JADE MCDOWELL  
NEWS EDITOR

A bill aimed at regulating construction wages has cities worried major developers will look elsewhere.

House Bill 2408, passed out of committee last week, would require private companies to pay prevailing wages on construction projects in Oregon covered by enterprise zone tax incentives.

Projects under \$20 million would be exempted, according to the bill's current language.

David Stockdale, Umatilla's city manager, said the enterprise zone is a "significant" incentive that has helped bring in data centers and other economic devel-

opment to Umatilla. He said it seemed counterintuitive to counteract the tax break with higher construction costs.

"Enterprise zones have been highly effective," he said. "They have had such a high success rate, it's troubling to see (the legislature) try to fix something that's definitely not broken."

Oregon's current prevailing wage law requires contractors on government-funded projects to pay wages above a certain rate set by the Bureau of Labor and Industry.

Proponents say it prevents contractors from depressing wages in order to be the low bidder on projects, encourages high-quality work and benefits workers who take home more pay. They want

to see those benefits added to private projects that are reaping the benefits of temporary tax breaks through an enterprise zone.

The League of Oregon Cities has pushed back, asking its member cities to submit testimony opposing the bill. Stockdale said he agrees with the League of Oregon Cities that the prevailing wage requirements in the bill might stifle economic development.

"Especially for projects right at that \$20 million threshold, it might not pencil out anymore," he said.

Hermiston mayor David Drotzmann has expressed his opposition to the bill as well. He tweeted that it would "crush" one of the only economic development tools cities have left in Eastern Ore-

gon. During a city council meeting last week he said that companies looking to locate or expand in the Hermiston area have not-so-subtly threatened to take their business across the river to Washington if Hermiston is not able to provide the right incentives.

He said if paying prevailing wage had added just 10% to Lamb Weston's \$250 million expansion in Hermiston, that would represent an extra \$25 million expense for the company, wiping out most of the money the company is saving through the enterprise zone tax break.

"That can sometimes be the pendulum swing that takes (projects) up to Washington or over to Idaho," he said.

Hermiston city councilor Jackie Myers said in addition to increasing labor costs on the construction side, in her professional life she has performed the accounting for projects involving prevailing wage, and "you need a full-time accountant to keep track of that."

Drotzmann said when Knerr Construction of Hermiston worked on the Eastern Oregon Trade and Event Center they had to pay a separate consultant to handle the large amounts of paperwork and accounting involved in complying with prevailing wage requirements.

"This is potentially a killer to economic development," he said.

The bill passed out of the House Committee of Business and Labor on April 8 on a 6-5 vote.

## Run for Ribbons

TRI-CITIES CANCER CENTER

### SATURDAY May 11th, 2019

What will you run for?

Join the Tri-Cities Cancer Center Foundation in support of local cancer patients and their families. Run for Ribbons is a 10k, 5k and 1mile run/walk community event to raise awareness and promote prevention of all forms of cancers. All funds raised from this event stay LOCAL.

Participants can purchase an event t-shirt featuring a blank ribbon. It's the Run for Ribbons tradition to decorate it, customize it, use it to honor a memory, celebrate survival, or to simply encourage hope.

**\$25 Adults / \$15 Youth / \$10 for t-shirt**  
(Registration fee does not include t-shirt)

**10k, 5k and 1mile Run - Walk**  
**Howard Amon Park in Richland**

---

**RibbonFest / Check In 8:30 am**  
**Run - Walk Begins 10:00 am**

---

**Register online: [www.runforribbons.org](http://www.runforribbons.org)**  
**Register by phone: 509.737.3413**

## TOYOTA

# What's New?

Confidently face the elements in the NEW AWD Prius. This means more exploring with fewer compromises.

LEASE A NEW 2019 **Prius LE AWD-e**

**\$299** mo. 36 mos.  
\$0 Security Deposit \$2,999 Due at Signing

LEASE A NEW 2019 **Corolla Hatchback SE**

**\$179** mo. 36 mos.  
\$0 Security Deposit \$3,399 Due at Signing

8" multimedia touch screen comes standard with Apple CarPlay support

LEASE A NEW 2019 **RAV4 Hybrid LE**

**\$269** mo. 36 mos.  
\$0 Security Deposit \$2,799 Due at Signing

Impressive MPG!

LEASE A NEW 2019 **RAV4 LE**

**\$249** mo. 36 mos.  
\$0 Security Deposit \$2,799 Due at Signing

LEASE A NEW 2019 **TUNDRA**  
Double Cab SR5  
Excludes TRD Pro

**\$399** mo. 36 mos.  
\$0 Security Deposit \$1,999 Due at Signing

Over 10,000 lbs of towing capacity

LEASE A NEW 2019 **TACOMA TRD**  
Off-Road Double Cab  
Excludes TRD Pro

**\$299** mo. 36 mos.  
\$0 Security Deposit \$3,199 Due at Signing

3.5-liter V6 direct-injection engine

Every new Toyota comes with **ToyotaCare**  
No Cost Service & Roadside\*

STAY SAFE WITH TSS. STANDARD ON THESE VEHICLES.

BuyAToyota.com

All financing on approved credit through TFS. All vehicles subject to prior sale. All prices plus tax and title. Dealer doc fees vary by dealer. Offers end 4/30/19. For more details call 1-888-21-TOYOTA.