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For Whom ODOT Tolls



John A. Charles, Jr. is the President and CEO of Cascade Policy Institute.

In 2017, the Oregon legislature passed a bill that substantially raised motor vehicle taxes, and earmarked part of the new revenue to pay for specific highway projects. The bill also directed the Oregon Department of Transportation (ODOT) to implement “congestion pricing” on part or all of two interstate highways in the Portland region: I-5 and I-205. Congestion pricing

is a form of highway tolling in which the toll rates vary by the time of day, direction of travel, and/or day of the week. Variable tolls are collected electronically at road speed, so there are no toll gates to slow drivers down.

Electronic tolling has been used in many other states and countries, but not in Oregon.

Since receiving this legislative mandate, ODOT has conducted feasibility studies to determine how these projects might work, and done extensive public outreach. Things are not going very well. In fact, political opposition is quite strong, especially in the I-205 corridor. A major reason is that ODOT has yet to articulate a clear purpose for its tolling proposals.

For instance, one of the ODOT fact sheets states:

“Currently, ODOT has two toll projects underway, the I-205 Toll Project and the Regional Mobility Pricing Project, to manage traffic on I-5 and I-205 in a way that is equitable and addresses climate change, while providing funding for critical infrastructure and safety improvements.”

This sentence offers five possible reasons to use tolling, none of them persuasive. Most drivers want to travel at a reasonable speed, with predictable trip times, and pay only for the services they are using. The ODOT summary doesn’t address any of these concerns.

We know that equity is a big priority for ODOT, as it is for the entire Kate Brown administration. But what does it mean? The official State of Oregon definition, as referenced by ODOT, is:

“Equity acknowledges that not all people, or all communities, are starting from the same place due to historic and current systems of oppression. Equity is the effort to provide different levels of support based on an individual’s or group’s needs in order to achieve fairness in outcomes. Equity actionably empowers communities most impacted by systemic oppression and requires the redistribution of resources, power, and opportunity to

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those communities.”

Anyone reading this will realize that Oregon leaders are not serious about improving state highways. Redistributing power and money is just political payback; it's not going to improve your daily commute or get your freight shipped any faster.

For many years I was an advocate of congestion pricing. When implemented properly, pricing is quite liberating for drivers. Variable tolling improves driving speeds, reduces uncertainty about travel times, and provides the necessary funding for the maintenance and expansion of the highway system. But Gov. Brown is not interested in any of that. We know this because in a separate proceeding, her Land Conservation and Development Commission is currently in the process of adopting a regulation that would force everyone to drive electric vehicles by 2035, while also reducing vehicle miles traveled by 20%.

Think about that. If tailpipe emissions drop to zero because gasoline powered vehicles have been eliminated, why mandate a reduction in driving by one-fifth?

ODOT has not yet announced what the toll rates will be for the I-5 and I-205 projects. This is another indication that the agency doesn't yet have a clear vision for what tolling is supposed to accomplish. Nor has anyone announced where the money will go. Spending money is always where the most mischief occurs. It's a certainty that environmental groups will try to siphon toll revenue to pay for non-road projects, and racial equity groups will be doing the same for various income redistribution schemes.

ODOT's tolling program will run into major opposition over the next two years, and deservedly so. The only hope is that a new governor will seize control of this issue and start asking the right kind of questions, starting with “why tolling?”

Cascade Is a Voice for Liberty

I'm chairman of the board of Cascade Policy Institute, an economist, a husband and father, and a sailor, but not in that order. Sailing started when I was seven, and I loved the rapid feedback. As a kid, my own negligence caused me to fall out of the boat and into the ocean one day. That experience taught me more than all the lectures my parents graced me with. I continue to race small boats regularly.

I fell in love with economics as a teenager. I had a good head for mathematics but found it boring. I was interested in politics but thought most debates lacked a solid foundation. Economics used mathematical logic to address real world issues. I earn my living as a consultant to companies, connecting the dots between changes in the economy and business decisions.

My wife and two sons are my greatest love as well as greatest challenge. Raising children is the hardest thing I've ever done—and we had two parents working at it, in comfortable circumstances and with great kids. The difficulty—and importance—of nurturing future generations must always be understood.

As Cascade's board chair, I hear my fellow board members—all of whom are donors and volunteers—come with different concerns. We all share Cascade's values of individual liberty, economic opportunity, and personal responsibility, but one person may be more concerned about business regulation while another speaks up about personal liberties and another wants a focus on crime. The list of concerns is long, but the organization has only so many resources and capabilities. We cannot address every important issue.



Cascade Policy Institute's first president, Steve Buckstein, with Milton and Rose D. Friedman in 1990.

This tension between wanting to do many things and having limited resources is familiar to all families and businesses, and even to government officials (though they sometimes forget). The board and the CEO work out priorities based on issue significance, potential gains, and our capabilities. Sometimes we work for short-term wins; other times we plant seeds that may take many years to grow.

Having been an advisor at the founding of Cascade, I am a link to the core values that our first president, Steve Buckstein, inculcated. He is, first of all, a nice guy. He is always polite to people with different views, though he always maintains his beliefs without fail. And he set the example of getting the data right. That combination of polite and factual earned him the respect of our opponents as well as our friends. Journalists trusted him. Maintaining that style at Cascade is one of my missions now that Steve has retired.

Long ago I thought that economics was the key to good public policy. I now believe that fundamental principles are. My philosophy is summed up by Thomas Jefferson's words in the Declaration of Independence, that we all have "... certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness." Cascade Policy Institute is Oregon's voice of support for that principle.

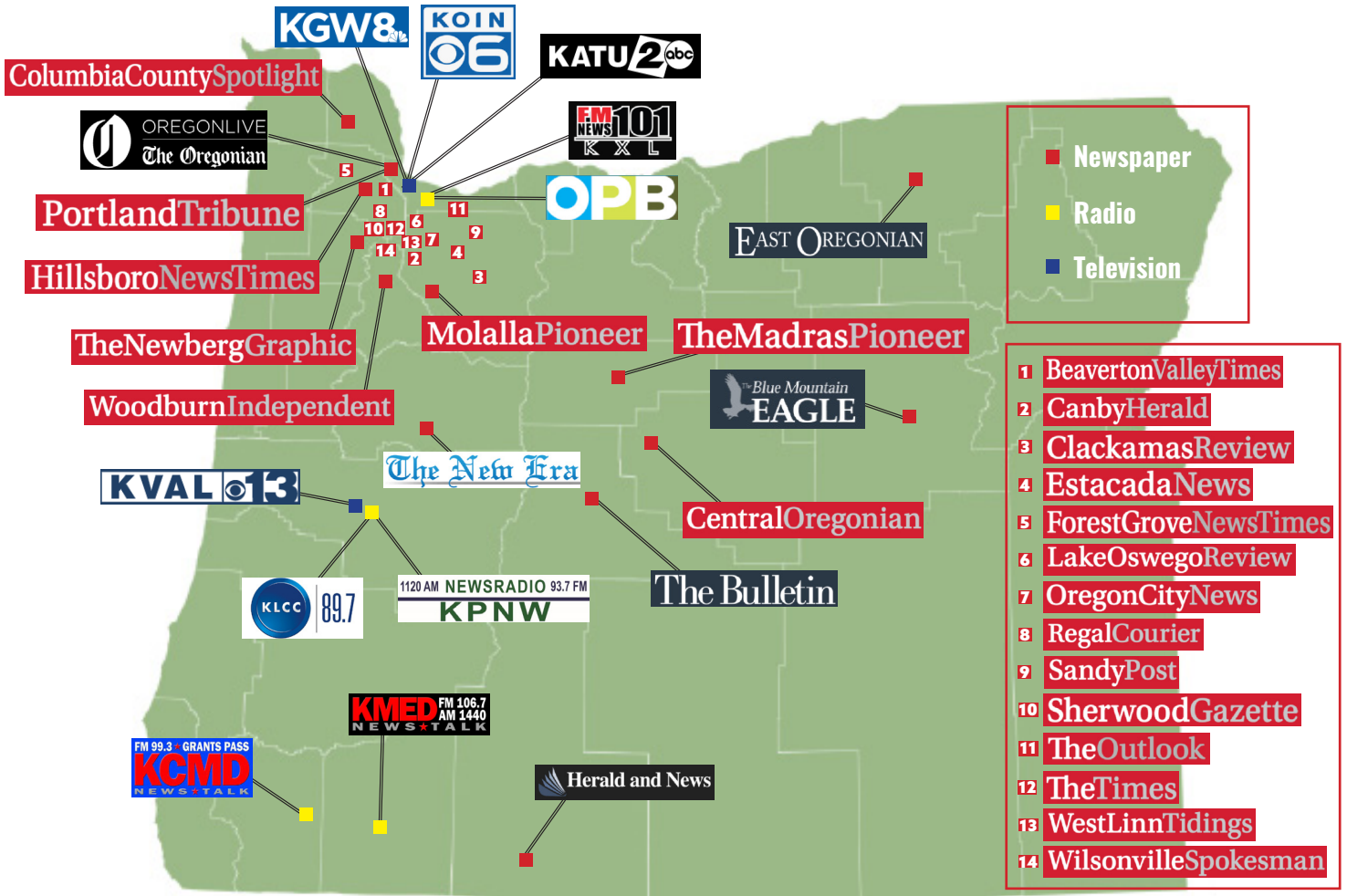


Dr. Bill Conerly is an economist and owner of Conerly Consulting, LLC. He serves as Chairman of Cascade's Board of Directors. Dr. Conerly resides in Lake Oswego.

2021 Impact Report

Media:

Last year, Cascade Policy Institute’s analysts were published, interviewed, or cited by more than 40 different media outlets throughout Oregon and the United States. Thanks to this exposure, Oregonians statewide heard our message of individual liberty, personal responsibility, and economic opportunity.



Other nationwide and statewide outlets:

OREGON BUSINESS REPORT
THE WALL STREET JOURNAL.

OREGON CATALYST
THE LUND REPORT

Events:

Cascade Policy Institute held the following events in 2021:

- “Pay for Delay: Compensating Parents for Prolonged School Closures” — Eric Fruits, Cascade Policy Institute
- “Oregon’s War on Driving Failed. Now What?” — Vlad Yurlov, Cascade Policy Institute
- “Discovering the Life of Thomas Sowell” — Jason L. Riley, Wall Street Journal
- “Fighting Government Theft of Home Equity in the U.S.” — Christina Martin, Pacific Legal Foundation

Cascade’s staff also gave presentations at events hosted by the City Club of Eugene, Happy Valley Business Association, American Women in the Metals Industry, United Employers, and the Rubicon Society.

Publications:

52 “QuickPoint” editorials

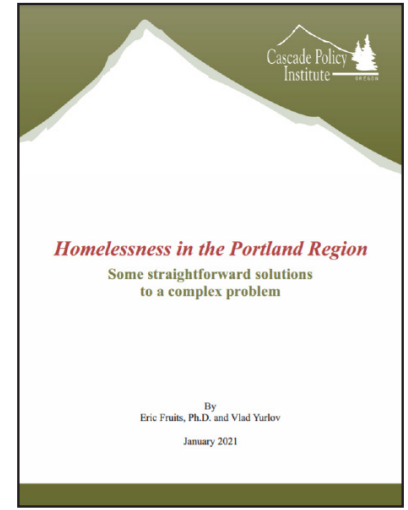
- Recorded versions of each QuickPoint are aired on 1410 AM KBNP every Wednesday at 8:32 am, 12:21 pm, and 5:15 pm

35 full-length commentaries

- Commentaries are published to Cascade’s website
- 13 appeared first as op-eds published by Oregon newspapers

1 comprehensive report

- In January 2021, Cascade Policy Institute published “Homelessness in the Portland Region: Some straightforward solutions to a complex problem”
- A key proposal of the report—using the Portland Expo Center as a sanctioned homeless camp—was discussed for over a year by the City of Portland and Metro after Cascade first suggested the idea.



Legislative testimony:

Cascade Policy Institute provided written or spoken testimony to legislative committees and other governmental bodies 30 times in 2021, helping to educate policymakers about free-market public policy solutions.

Who heard our testimony:

- Clackamas County Board of Commissioners
- House Committee on Energy and Environment
- House Committee on Rules
- Joint Office of Homeless Services
- Metro Council
- Metro MERC Commission
- Oregon Department of Energy
- Oregon Department of Land Conservation and Development
- Oregon Department of Environmental Quality
- Oregon Public Utilities Commission
- Oregon Senate Committee on Education
- Portland Bureau of Planning and Sustainability
- Portland City Council
- Senate Committee on Energy and Environment
- State Land Board
- Washington County Board of Commissioners

Our impact:

Cascade Policy Institute **defended Oregon’s private schools by helping to defeat Senate Bill 223**. If the bill had passed, private schools would have been forced to register with the state and comply with its mandates. Schools that failed to do would face steep social and financial consequences. Cascade Policy Institute raised awareness about the bill, submitted testimony to the Oregon Senate Committee on Education, and encouraged citizen activists to get involved, helping lead to the bill’s failure.

Thanks in part to Cascade Policy Institute’s testimony and analysis, the Portland Bureau of Planning and Sustainability **reduced the taxes that industrial businesses will have to pay** under its new Clean Air Surcharge program.

The Clackamas County Board of Commissioners adopted a resolution that guarantees **any reductions in garbage fees paid by the county must be passed along directly to ratepayers**. Cascade Policy Institute provided testimony to the Board of Commissioners on two occasions to support the resolution and advocate for its passage. The new resolution will help **keep utility bills more affordable** across Clackamas County.

Our Assumptions About Homelessness Are All Wrong



Eric Fruits, Ph.D. is Vice President of Research at Cascade Policy Institute.
He can be contacted at eric@cascadepolicy.org.

What if everything we thought we knew about homelessness was wrong? If that's the case, many of the policies we're pursuing are making things worse instead of better. It's becoming clearer that much of the accepted wisdom regarding homelessness may be nothing more than convenient myths – myths that lead to doomed policies. The Oregon Office of Economic Analysis claims “we know homelessness is primarily about the inability to afford housing, largely the result of not building enough housing in recent decades.” Multnomah County also blames the “affordability crisis” but credits racism as a “structural” cause of homelessness.

Under this theory, the homeless on the streets are locals who couldn't afford their rents or were unable to find housing because of systemic racism and racist property owners. It's asserted that homelessness leads to substance abuse, rather than the other way around. If this is true, the solution is straightforward. Build more taxpayer-funded affordable housing, give priority to BIPOC applicants, and root out racist landlords. Give people housing and opportunities for treatment, and the substance abuse will go away.

But what if that theory is wrong?

Portland's unsheltered homeless population is overwhelmingly white (68%), male (69%) and working age (73%), according to the latest survey – which was conducted nearly three years ago. That was pre-COVID, when the economy was booming and working-age unemployment was at a 20-year low of about 3%. If a white, working-age man wanted a job to pay the rent, he could have found a job to pay the rent. Something is wrong with this picture. What's wrong is what's missing. The last survey reports nearly half of the unsheltered homeless suffer from substance abuse. That share is likely higher today. According to the Oregon Health Authority, overdose deaths in Multnomah County from fentanyl and methamphetamine began to skyrocket around 2017. From 2016 to 2019, deaths from meth increased 86% and fentanyl deaths tripled. Last year, 126 people with “domicile unknown” died in Multnomah County. Substance use was involved in nearly two-thirds of those deaths.

Instead of a homelessness crisis that's leading to substance abuse, we have a substance abuse crisis that's driving homelessness. In *The Least of Us*, Sam Quinones recounts the story of Eric, a social worker in Los Angeles. Of all the people he met in Los Angeles' homeless camps, Eric could not remember a single one who lost their housing because of high rents. Instead, they told him meth was the main reason they were homeless. Even so, according to Quinones, “... policy makers and advocates instead preferred to focus on L.A.'s cost of housing, which was very high, but hardly relevant to people rendered schizophrenic and unhousable by methamphetamine.” Multnomah County's latest report on deaths among the homeless population recounts the lives of several of those who died homeless last year. None of the stories mention housing affordability as the cause of their homelessness, but substance use runs through many of them.

On homelessness, elected officials, especially in the Portland area, have decided that expensive publicly funded permanent supportive housing – rather than emergency shelter – is the best way to address the problem. Under what is known as a “housing first” approach, residents are under no obligation to seek treatment for substance abuse or mental illness. The hope is that after they are housed, someday eventually they'll come around to getting

help, but only when they're ready.

It's a policy that's doomed to fail. It's well known in the recovery field that the people who are most in need of treatment are also those who are most resistant to treatment. Handing addicts the keys to an expensive new apartment and saying, "Let us know when you're ready for rehab," is a recipe for failure. Most of them will never be ready.

There is a more effective approach. Michael Shellenberger, author of *San Fransicko: Why Progressives Ruin Cities*, calls it "shelter first, housing earned." Everyone should have the right to basic shelter, but not the right to camp wherever they want. The Portland region needs indoor shelter space for thousands of people. It doesn't have to be fancy. It just has to be better than outdoors. Put simply, the unsheltered need a place to go if they can't sleep in public.

Oregon's subsidized housing is expensive and highly limited. By the end of this year, Metro and the City of Portland hope to have almost 1,600 units completed at a cost of more than \$360,000 a unit under their affordable housing bond programs. That's about 320 units a year. These units should be allocated to people who have earned the right to these units by demonstrating they will take the necessary steps to transition to permanent housing and a productive lifestyle. These units should not be simply given away without conditions or expectations.



A homeless encampment next to an OR-217 exit in Portland.

Our elected officials need to understand that our parks, sidewalks and other public spaces belong to all of us. When rows of tents block sidewalks, they deny the use of that sidewalk to the rest of the community. When open-air drug use and discarded needles render playgrounds unsafe, the rest of the community is denied the use of the parks our tax dollars are paying for. Outdoor camping, open drug use, theft, assaults, and out-of-control campfires are not victimless activities; they deprive us of our public spaces, our rights to safety, and our rights to pursue gainful employment.

While Measure 110 decriminalized possession of small amounts of drugs, drug trafficking is still a felony. All of our homeless addicts are getting their drugs from somewhere. Law enforcement and prosecutors need to shut down the dealing of these drugs on our streets, in tents and tarps, and on social media. Open drug use should be prosecuted. Individuals who commit crimes while under the influence of narcotics should be given the stark choice of rehab or jail. Many Oregonians don't care if someone is using drugs at home or out-of-sight, but when that drug use leads to theft to pay for the drugs or violence because of the drugs, that's when individual liberty threatens community safety.

We need a new approach: Shelter first, housing earned, and resources to transition from shelter to housing. Measure 110 may have decriminalized drug possession, but it didn't decriminalize drug dealing and the crimes that occur under the influence of drugs. It's the only way we can help those who want help, be firm with those who don't, and create an environment where we all can feel safe and flourish.

Cascade's 2022 Policy Objectives

Last year, Cascade Policy Institute hosted an online discussion with Wall Street Journal columnist, Jason Riley. We covered a wide range of topics including Oregon's declining education standards, critical race theory, and economic opportunity.

Based on that conversation, Cascade made it a priority to push for legislation to remove any state restrictions on taking the GED exam. Under current law, it is almost impossible for people under the age of 18 to sit for the exam. Only minors who have dropped out, received permission from their district, are married, or are emancipated minors may take the GED. We think the current restrictions limit individual liberty and economic opportunity. We believe anyone with enough personal responsibility to study and sit for the GED test should be permitted to do so.

Our efforts have already received positive feedback. Last month, our research director, Eric Fruits, sent an email to the Oregon House and Senate education committees urging legislation to lift age restrictions on the GED. Both Democratic chairs expressed interest in the idea and invited Cascade to meet with them in March after the "short" legislative session. In addition, one Republican committee member offered to have his staff work on drafting a bill and another offered to support it. This is a bill that could get bipartisan support and sponsorship. Cascade op-eds on the proposal were recently published by The Oregonian and RealClear Policy

Grid reliability sounds like a boring issue, but in reality it's a matter of life or death. Both Oregon and the Biden Administration are working feverishly to "decarbonize" the provision of power. In 2019, PGE shuttered Oregon's only coal-fired power plant. Soon thereafter, Governor Brown issued an executive order further reducing reliable power options. We are now facing a 30% chance of blackouts in the next year or so. These blackouts could be deadly for people who need electricity to power medical devices. As we saw with last year's snowstorms and heatwave, without heat or air conditioning extreme weather can kill vulnerable people. Cascade will continue to sound the alarm on this risk and push for policies that provide for reliable energy sources, including nuclear power.

Cascade also plans to ramp up its efforts to repeal Oregon's "Certificate of Need (CON)" laws which prohibit health care providers from entering new markets or making changes to their existing capacity without first gaining the approval of state regulators. One of the reasons Governor Brown re-imposed mask mandates last August was because she claimed Oregon had a shortage of hospital beds. In some ways, she's correct. Because of the state's CON laws, Oregon has one of fewest number hospital beds per capita in the country. CON laws have stymied attempts to add new psychiatric beds and imposes huge burdens to opening substance use treatment centers.

You can keep up to date with Cascade's latest research work by signing up for our weekly e-newsletter at cascadepolicy.org or by emailing info@cascadepolicy.org.

