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Oregon, 2011, Budgeting in Difficult Times

Abstract:

Keywords:

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1 Introduction and Overview of the Session

On Thursday, June 30, 2011, Oregon legislators adjourned at 2:49 PM in what was the shortest session in 15 years. But despite difficult decisions that had to be made, and given the previous session’s ill-tempered partisanship, it turned out to be a session marked by civility and moderation. When the session opened in January, it appeared that it would be a very contentious session because of the evenly split membership of the House and the narrow Democratic majority of the Senate. Also, with a newly elected Democratic governor, an individual who had served two previous terms as governor a decade ago, few believed the session would proceed smoothly. However, it did move along with relative speed and a surprisingly moderate mood despite its need to address increasing demands on the budget without the hopes of very positive increases in revenue. How then did this session develop in a style that addressed serious issues, manage to make some major changes in public education and health care, and still remain effective?

Perhaps the issues facing Oregon, like all other states this year, were so serious and in need of immediate attention that the governor in his budget, as well as the legislators when they began approving the budget, were so much in the forefront of all other issues that there simply was no choice but to address them head on and without the bitter partisanship of previous biennial sessions. The priority of both the governor and the legislature was simply that this was not the time to posture as Oregonians were paying close attention to how lawmakers were going to address problems that affect the daily life of state residents. Another factor that changed the ordinary partisan mood of previous legislative sessions was the lack of an effective majority for either party in the political makeup of the state’s
elected politicians. Neither the governor who won election very narrowly the previous November, nor either house of the legislature had the numbers necessary to hold out and posture its “principles” with any realistic hope for success. When lawmakers came to Salem in early January, it was clear to all of them that they had no basis for political strength, and only by cooperation and goodwill would anything be accomplished. If in the wisdom of American politics one might say that states always precede what the national government will eventually do, this legislative session in Oregon gives hope to the fact that Congress and the president will eventually come to the same conclusion and begin addressing issues that affect all Americans.

Within this session, lawmakers managed to approve a $15 billion biennial budget for 2011–2013 that provides for free full-day kindergarten by the fall of 2015 and replaces the former Superintendent of Public Instruction with the governor of the state appointing individuals to that position. Despite an average 7.5% increase in tuition at state universities, the legislature gave more autonomy to these institutions in fiscal matters. They established a nine-member board to oversee government-regulated and subsidized health insurance that will offer affordable insurance plans for small businesses and individuals by January 1, 2014, and by coordinating health-care services for seniors and low-income families on Medicaid, they are counting on $2.4 million in savings. They also managed to avoid state trooper layoffs, preserve the Corrections Department’s Oregon Youth Authority, and continued funding all of the state’s prisons. In light of a $3.5 billion budget shortfall – unless the economy improves – they managed to do this without any major tax increases and without killing the annual Kicker law, which requires the state to rebate surplus revenue in years when it exceeds 2%. However, in the future, these rebates will come in the form of tax rebates rather than individual checks to Oregonians. When the session ended, lawmakers returned home knowing they will have to return to Salem next January to address whatever shortfalls there are in this budget (Esteve and Cole 2011; see also Cole et al. 2011).

2 The Political Setting

The results of the November 2010 election indicated clearly that Oregonians were closely in step with the rest of the country in voicing concern over the economy. Table 1 indicates the results of the 2010 election when Democrats managed to maintain control over the Senate with 18 senators to the Republican delegation.
of 12. The House of Representatives, however, was evenly split, with 30 members from each party severely reducing the newly elected Democratic Governor’s strength in that chamber. Just as Americans voiced dissatisfaction with the House of Representatives on the national level, Oregonians also took it out on Democrats in the state’s lowest chamber. Table 1 also indicates a similar pattern in 2002 when Oregonians voted strongly Republican in response to the recession that year.

Given the evenly split House, it quickly became apparent to both parties that leaderships would have to be different in this session. When the parties met to select leadership, the solution was to elect co-speakers. The Democrats selected Arnie Robian from Coos Bay, and the Republicans selected Bruce Hanna from Roseburg. Both are very amiable gentlemen, representing their parties from outside Portland, and both having served three previous terms in the chamber (Mapes 2011g). Immediately the co-speakers agreed to share the gavel on a daily basis alternating the leadership role everyday throughout this 76th session (Cole 2011e). The newly elected governor in his inaugural address cautioned legislators to learn from the bipartisan politics of the 1970s, when ideological lines between the two parties was much blurrier, and the state was known for its innovative policies ranging from the bottle-deposit law to protecting the beaches as public space (Mapes 2011b). Governor Kitzhaber made a reference to the then-recent Arizona shootings and reminded legislators that the political atmosphere has been too toxic and uncivil for too many years, and that if they were to make any progress in the coming session, there needed to be cooperation between the parties.

Senate Democrats selected as their president Peter Courtney, marking his fifth term as president of the Senate. This remarkable and colorful legislator is

<table>
<thead>
<tr>
<th>Year</th>
<th>House of Representatives</th>
<th>Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Democrats</td>
<td>Republicans</td>
</tr>
<tr>
<td>2000</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>2002</td>
<td>27</td>
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</tr>
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<td>35</td>
</tr>
<tr>
<td>2006</td>
<td>31</td>
<td>29</td>
</tr>
<tr>
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<td>36</td>
<td>24</td>
</tr>
<tr>
<td>2010</td>
<td>30</td>
<td>30</td>
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</tbody>
</table>

Table 1: Political Makeup of the Oregon Legislature, 2000–2010.

*Independent.
known for getting things done, and in his summary remarks to the chamber in June commented that the members of this session “were alone! They had no friends…. They were a band of brothers and sisters, that’s all they had” (Mapes, *The Oregonian*, June 13, A1.) His reference to the “band of brothers” summarized the spirit of the Senate during the last session, and together with the congenial spirit of the House, this session will be remembered as one of the least partisan assemblies in history. An editorial in *The Oregonian* several weeks after the session closed compared Oregon’s legislative session with the hyper-partisanship demonstrated in Congress over the lifting of the debt ceiling. Despite strong partisan feelings of both Democrats and Republicans, “they didn’t push vital issues right up to the deadline; they did their work in one of the shortest sessions in Oregon history ... and the rest of the country ought to take a look how for one shining session, a couple of southern Oregonians found the way” (editorial in *The Oregonian*, July 20, 2011, B6).

The November 2, 2010, election for governor was by far the most competitive race in almost 30 years. The Republicans nominated Chris Dudley, a former professional basketball player for the Portland Trailblazers, and he proved to be a very popular fundraiser by amassing almost $10 million for his race as compared with the Democrat, John Kitzhaber, who raised about $7 million. The Democrats nominated John Kitzhaber, who previously served two terms as governor from 1995 to 2003. In a political atmosphere that was suspicious of “experienced politicians”, Dudley quickly caught on and provided Republicans with the opportunity to seriously challenge Democratic control over the office of the governor. Throughout the entire campaign, Kitzhaber and Dudley were neck and neck in terms of weekly polls. However, on Election Day, Kitzhaber managed to overcome Dudley’s challenge with 49.5% of the vote in comparison to Dudley’s 47.3%. Of the 1.4 million votes cast in November, Kitzhaber won by a slim margin of 22,000 votes. Kitzhaber managed to get elected, but in a state where Democrats average more than a 20% margin in registered voters over Republicans, this was not an impressive win.

Kitzhaber knew he would have to work differently with the legislature after analyzing what had happened to each chamber on Election Day as neither he nor either chamber of the legislature would be operating from a position of strength. Immediately, he began to soften his tone from his previous two terms as governor, and from his inaugural address when he urged lawmakers to cooperate and throughout the entire session, he definitely demonstrated a very different type of leadership than he had used in his first terms as governor.
3 A Difficult Economy this Year

Oregon was no different than most other states this year in terms of its economy. Into the third year of high unemployment rates in a state that depends on a 9% income tax revenue, projections were not optimistic. One of the first tasks lawmakers had to face at its initial December meeting after selecting leadership was to address an almost $60 million shortfall of the 2009–2011 budget. They did so by reducing the promise of $15 million expenditure to state corrections to another $10 million marked to finance the opening of several new facilities by delaying their openings for a few months. Leaving that meeting, lawmakers were also aware that there was still a $28.1 million shortfall in December that they hoped would be covered by a more promising economy in the spring (Cole 2010).

When lawmakers finally met in full session, there was a glimpse of hope that the economic future for the state was a bit brighter than originally expected. Unemployment rates had begun to fall in the final quarter of 2010 and continued to do so in the first quarter of 2011. However, as the months passed, and as the second quarter unemployment figures came in, the expected gains in employment and the additional revenues that would result from the personal income tax began to fade. It was a difficult time to predict revenues with fluctuating unemployment, and Table 2 indicates these fluctuations during the session.

Because Oregon is so dependent on the personal and corporate income tax for revenue, any fluctuation in unemployment results in serious blows to revenue projections. The slightly improving monthly unemployment rates during the session initially provided some hope that revenues would increase as a result of more Oregonians working. However, by the end of the session, Oregon, like all other states, witnessed the loss of some of its earlier gains, and it became difficult to arrive at any stable figure on which to base revenue projections for the next 2 years.

The previous legislative session that prepared the 2009–2011 biennial budget happened at a time when the state had an unemployment rate of 12.1%. With little hope for improving the employment rates, lawmakers put together a budget that had to be adjusted four times in the subsequent 2 years. These shifting rates of employment in Oregon are so closely related to the major source of revenue that lawmakers found it almost impossible to provide a budget that would be balanced and adequate. In this atmosphere of budget shortfalls, every surplus account in the state was game for balancing the budget along with new sources of revenue usually in the form of increased and new fees. Lawmakers understand clearly that, based on past downturns in the economy, for every 0.5% that unemployment increases, the state foregoes approximately $300 million in revenue.
The session in early February was then marked with moments of hope when state economists began forecasting a slowly decreasing unemployment rate in the coming months, resulting in a more positive increase in revenues. By May, when the unemployment figure had dropped to 8.8%, lawmakers actually believed they would be able to balance the budget with sufficient revenue and actually have an additional $1.3 million surplus to spend on several priorities that previously were not adequately funded if these improved rates prevailed (Esteve 2011b, e). However, as unemployment increased in June to 9.3%, which was then about the same as the national average, economists became less optimistic about their projections. In the previous year, about 10,000 jobs in construction, education, health services, transportation, and manufacturing were added, but these improvements were nowhere near the numbers needed to bring the state to 2008 rates of employed Oregonians. In June, mounting layoffs in the government sector as well as in financial institutions and leisure and hospitality were beginning to take their toll on the health of the economy and the initial optimism of February seemed to evaporate (Brettman 2011; Read 2011d).

By late June, although unemployment figures had improved over the previous year, state economists began to predict a lackluster state of growth; it would take at least 4 full years before employment figures matched those of the prerecession 2008 figures. The Portland metropolitan area alone had lost 82,500 jobs since 2008, which represented a reduction of jobs in the metropolitan area of 7.9% (Read 2011h). No matter how one analyzed the figures, they were not optimistic enough for either Republicans or Democrats to predict brighter days in the immediate future. There was a concern that corporations were leaving the state to relocate to a less costly environment for doing business due to the effects of the previous years’ passage of two initiatives to increase corporate income taxes and for individuals making more than $250,000 annually. Additionally, the now decade-long movement of wealthier Oregonians – most of whom live within a short distance of Portland – to move across the Columbia River to Washington, where they would pay much less in personal income taxes, continued.

<table>
<thead>
<tr>
<th>Month</th>
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<th>2011</th>
</tr>
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<tbody>
<tr>
<td>December</td>
<td>10.5</td>
<td></td>
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<tr>
<td>January</td>
<td>10.4</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>8.8</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>9.3</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Oregon Unemployment Rates, December 2010–June 2011. Figures are given as percentage.
4 The 2011–2013 Proposed Budget

When Governor Kitzhaber presented his 2011–2013 budget to Oregonians, he began by stating that, “we have an opportunity this year to set Oregon on a course to a bright future.” Then he pointed out that he believed it would be perhaps the most difficult budgetary session in the state’s history and that it was important to approach it correctly. According to the governor, the state would be mostly concerned with human needs. He cautioned legislators that rather than patching up a dilapidated house, they needed to rebuild the house so that it would accommodate present needs, not those of a century ago. He then went on to list five priorities that he believed the state must set for itself, and that lawmakers must protect and enhance if Oregon was to have a brighter future. These priorities were (1) early childhood programs that would ensure children were prepared to enter school and to be successful; (2) job creation as a necessity in getting Oregonians back to work and in jobs that reflect public/private partnerships that convert university research into market-ready projects and jobs; (3) education, which provides stable funding for K-12 schools that reflects consolidation to eliminate waste and as well expand access to community colleges and the state’s universities; (4) health care that retains the state’s long-time commitment to a plan for all Oregonians that is sufficient and accessible; and (5) public safety that guarantees a quality of life in Oregon that its citizens expect and also addressing the increasing amount of money spent on corrections. Initially, these priorities seemed similar to what governors had set for the past two decades. However, this year, Governor Kitzhaber cautioned that there would probably be no job gains of significance for the rest of the decade and as well as the sobering fact that the personal income of most Oregonians would not grow and in too many cases actually shrink. He then presented a budget that was actually smaller than the previous biennium budget, knowing that even his reduced expenditures would be difficult to fund.

Table 3 indicates the sobering reality of the times. With less revenue available, the General Fund expenditures would also be reduced from the previous biennium budget, which included additional income of approximately $1.3 billion in federal stimulus money and other funds (Esteve 2011d). The biennial practice of increasing revenue and also spending came to a sudden end during the last 2 years’ experience, and lawmakers were too familiar with being brought back into session to address shortfalls. The lesson learned from addressing shortfalls was fresh in the minds of legislators, and neither Democrats nor Republicans looked forward to continuing this practice on a quarterly basis because of underfunding the budget.

As a seasoned governor – Kitzhaber had served two terms in the 1990s – he understood this reality and made it clear from the outset that these would be lean
times for the state well before expectations became too extravagant to fund. Inter-
estingly, he couched his remarks in terms of efficiency rather than high-profile
cuts. Witnessing Governor Brown’s austere cuts in California, Kitzhaber believed
he could motivate lawmakers and Oregonians to look at a leaner budget as an
opportunity to get it right. He spoke of a more realistic budget that the state could
sustain over time and during a recession with periods of high unemployment.
Table 4 indicates those decreases and the few increases that the governor pro-
posed to raise for 2011–2013.

<table>
<thead>
<tr>
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<th></th>
<th></th>
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<tbody>
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<td>Personal income</td>
<td>9.00</td>
<td>9.78</td>
<td>9.95</td>
<td>11.20</td>
<td>13.10</td>
<td>12.00</td>
</tr>
<tr>
<td>tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate income</td>
<td>900</td>
<td>410</td>
<td>456</td>
<td>648</td>
<td>878</td>
<td>945</td>
</tr>
<tr>
<td>tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lottery income</td>
<td>532</td>
<td>673</td>
<td>772</td>
<td>1.10</td>
<td>1.50</td>
<td>949</td>
</tr>
<tr>
<td>Cigarette taxes</td>
<td>112</td>
<td>107</td>
<td>88</td>
<td>107</td>
<td>126</td>
<td></td>
</tr>
<tr>
<td>Other taxes</td>
<td>621</td>
<td>621</td>
<td>580</td>
<td>580</td>
<td>562</td>
<td>541</td>
</tr>
<tr>
<td>Other income</td>
<td>111</td>
<td>124</td>
<td>161</td>
<td>186</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning balance</td>
<td>465</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11.50</td>
<td>11.66</td>
<td>12.00</td>
<td>15.01</td>
<td>15.98</td>
<td>14.76</td>
</tr>
</tbody>
</table>

Table 3: General Fund Revenues, 2001–2011.
Figures are in millions of dollars.

Education took the largest cut in the budget this year, but it was not a
surprise. Legislative sessions have wrestled every 2 years since 1990 when
Oregon passed Ballot Measure Five that turned over the majority of funding of
K-12 education to the state. The state has never been able to totally satisfy the
expectations of K-12 education despite the fact that it has become the largest
item in the entire budget. This session lawmakers, for the first time, singled
out community colleges and provided a line in the budget, thereby addressing
the need to assure their growth during a weak economy when large numbers of
unemployed lacking technical skills seek education for a better job. In doing
so, this new line for community colleges would be funded from higher educa-
tion and other education funds. The result would be less for overall educa-
tion in the coming biennium. To do this, savings would have to be realized,
especially in K-12 education, which hopefully could be accomplished through
closing and consolidating school districts. In the area of higher education,
residents realized that tuition would continue to increase, as has been the case
for the past decade into what has become an almost 10% increase per year for
state tuitions.
With the governor’s budget on the table in early February, legislators began addressing the major items in the General Fund with the hopes of providing a budget that would be acceptable to as many Oregonians as possible during lean times. What resulted in the period from March through May was a surprisingly civil and productive session that appeared to understand the reality of the times, and when June arrived, there was very little controversy as to whether or not there would be a budget at the scheduled end of the session.

### 5 Arriving at the Final Budget

The major areas, or priorities, that the governor laid out at the beginning of the session became the agenda for hearings and negotiations the first 2 months of the session. Each area outlined by the governor was addressed systematically and with a remarkable amount of cooperation from both parties. The work of the first 2 months of the legislature in hearing from various constituencies who would be affected by any action lawmakers would take to balance the budget was remarkably successful. By early April, the Senate had concluded that it could not guarantee any more funding for K-12 education than the governor had called for in January. In the bill that went through the Senate on April 13, 2011, the original $5.7 billion the governor had suggested for K-12 education was established as the amount of funding it would support. Educators argued that this amount was $1 billion short of what was needed to maintain the level of education Oregonians expected, but the Senate still stuck with its lesser amount and proffered that up to a half billion dollars might be taken from reserve funds if needed later (Mapes 2011d).


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<tr>
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<tbody>
<tr>
<td>Schools K-12</td>
<td>6.60</td>
<td>6.90</td>
<td>5.56</td>
<td>−18</td>
</tr>
<tr>
<td>Higher education</td>
<td>800</td>
<td>949.50</td>
<td>924</td>
<td>−3</td>
</tr>
<tr>
<td>Community colleges</td>
<td>408</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other education</td>
<td>500</td>
<td>673.20</td>
<td>408</td>
<td>−38</td>
</tr>
<tr>
<td>Public safety</td>
<td>2.50</td>
<td>2.73</td>
<td>2.40</td>
<td>−12</td>
</tr>
<tr>
<td>Human services</td>
<td>3.50</td>
<td>3.62</td>
<td>3.80</td>
<td>4</td>
</tr>
<tr>
<td>Natural resources</td>
<td>3.77</td>
<td>3.64.2</td>
<td>3.16</td>
<td>−14</td>
</tr>
<tr>
<td>All other</td>
<td>500</td>
<td>4.53</td>
<td>5.98</td>
<td>3.20</td>
</tr>
<tr>
<td>Total</td>
<td>15.10</td>
<td>15.85</td>
<td>14.55</td>
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</tbody>
</table>

Figures are in millions of dollars.
The message was clear from the Senate in terms of what would be available for education, and the House of Representatives agreed soon after the bill to fund K-12 education passed the Senate. The Teachers’ Union, Professional Educators, parents, and school boards immediately understood clearly that the possibility of more funding was not in the making. They pointed out that from 2007 to 2009 until this proposed budget, K-12 funding actually dropped by almost a half billion dollars. The message was clear – districts are being forced to make real cuts (Esteve 2011h). Within days, 14 of Oregon’s school districts announced they would be closing as many as 30 schools because of lack of funding, and for the first time, it appeared that these districts had to follow the governor’s earlier advice to close, consolidate, and more efficiently operate state agencies, including public schools (Dungca 2011).

By the middle of June, with a clear understanding that there was no additional funding for education, and while also listening to parents’ demands for longer school days, especially for kindergarten, lawmakers passed a series of bills in both houses that provided funding for schools within the context of very limited resources. The $5.7 billion for K-12 was passed, the State Superintendent of Public Instruction would be appointed by the governor rather than elected in the future, and the governor would appoint an Education Investment Board that would be responsible for overseeing school financing (Mapes 2011). State universities would be given more independence in setting tuition and fees, and all-day kindergarten would become the standard throughout the state.

Health and Human Services, one of the two categories in the General Fund that actually gained a modest increase in its budget, also addressed many demands for heightened services due to a weak economy. As the governor pointed out in his presentation of the budget, the state has been experiencing perhaps its worst economic setting in recent history while at the same time experiencing greater and greater demands for basic health and human services that the most vulnerable of Oregonians must face in a bad economy. It was also obvious that, in cutting any part of health and human services, it most immediately affected seniors and minorities (Kost 2011).

There were two areas regarding health issues that the governor specifically wanted funding for, and certainly no cuts in either area. The first was the preservation of the Oregon Health Plan, an initiative of his in his first terms of office in the 1990s. When he left office in 2002, the state provided a health-care system for those who could not provide it for themselves. Kitzhaber, a medical doctor, had developed the plan and saw it come to fruition by the time he left office in 2002, only to be cut back during in subsequent years. This plan became a model for other states, and it was difficult to witness its loss of effectiveness because of subsequent budget cuts. Again, seniors and minorities, especially children, were the major beneficiaries of this plan, and these were of great concern to the governor.
As the session progressed and a series of bills were prepared to guarantee health coverage for these vulnerable groups, several gains were made. First, an effort to cut back on doctors’ choices of drugs for their patients and to prescribe less expensive ones was rejected, thereby assuring that many Oregonians who depended on these drugs would get them (Budnik 2011). Perhaps more important, though, was the passage of the Oregon Health Insurance Exchange that calls for a state-regulated and subsidized health insurance marketplace called an exchange to make coverage affordable and mandatory. This plan, when it goes into effect in January 2014, will cover 600,000 Oregonians who are presently without healthcare coverage (Graves 2011). Another win for seniors was a delay on the part of lawmakers to approve rate cuts to nursing homes, assisted-living facilities, and group homes for those dependent on the state for assistance.

Another area under human services that was spared drastic cuts was an attempt to reduce by 18 months the length of time eligible for unemployment benefits. This proposal was rejected by the legislature, thereby protecting some 7500 families and making Oregon the state with the shortest amount of time in which unemployment benefits could be claimed (Cole 2011c; Esteve et al. 2011).

Although addressing some very serious issues regarding education and health and human services, the legislature also needed to examine several public safety issues. Most notable were the opening of a new corrections facility and maintaining and expanding the number of state police. In the last days of the session, the decision was made to postpone the opening of the new corrections facility by several months to save operating expenses, and by using income from previous bond sales that had not been spent to maintain the level of state police (Cole and Har 2011). As June ended, so did the legislative session, having addressed each of the priorities laid out by the governor at the outset of the session.

6 The Kicker

In 1979, Oregon passed the Kicker law that mandates that all revenue in excess of 2% of projected revenues be returned to taxpayers. In the several years when there have been kicker rebates, the checks were sent just before Christmas, making this a very popular program. In the previous legislative session, Oregon, for the first time, created a rainy day fund that was funded by not returning excessive revenues to corporations. At the outset of this session, two senators, Republican Frank Morse and Democrat Ginny Burdick, proposed that the Kicker law be revised to enhance the new rainy day fund. Their proposal was that the percentage be increased from 2% to 12% before there would be any kind of a rebate and
then half of the rebate be put into the rainy day fund and only half returned to taxpayers (Esteve 2011j). Given the difficulties of recent legislative sessions in finding sufficient revenue in a weak economy, this appeared to be a very attractive proposal. The governor and the state treasure quickly backed the proposal, and the governor went so far as to recommend to the legislature that “kicker reform is a critical component of the sweeping remake of state government” (Esteve 2011i). However, getting other senators and representatives to support these changes was more difficult, and given the pressure of Oregonians hoping for a most positive economy and receiving a Kicker rebate, few others were willing to ally themselves with the proposal (Mapes 2011h).

What remained of the proposal to reform the Kicker took the form of a bipartisan bill that passed both houses in late May. The single change coming from this term’s consideration of this controversial bill was that any future rebates would be coming in the form of a tax credit rather than a check just before Christmas. This was actually not a drastic change in Kicker law because before 1995, kickers were given in the form of tax credits, and only thereafter when the state had excesses in projected revenue did Oregonians receive checks. Thus, the Kicker remains basically unchanged and the hope of enhancing the rainy day fund was put on hold.

7 Conclusion

At the end of the session, it is interesting to see how closely lawmakers and the governor came to approving a budget without the rancor and indecision of previous biennium sessions. Table 5 compares the governor’s proposed budget for 2011–2013 with the actual Oregon budget for 2011–2013 approved by the session on June 28, 2011.

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<th></th>
<th>Governor’s Proposed Budget</th>
<th>Actual Approved Budget</th>
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<td>All other schools</td>
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<tr>
<td>Natural resources</td>
<td>316</td>
<td>304.5</td>
</tr>
<tr>
<td>All other</td>
<td>598</td>
<td>569.8</td>
</tr>
<tr>
<td>Total</td>
<td>14,550</td>
<td>14,456</td>
</tr>
</tbody>
</table>

Table 5: Governor’s Proposed Budget Compared with Final Budget for 2010–2013. Figures are in billion dollars.
The difference of about $4 million out of a $14.5 billion budget is almost insignificant and illustrates the cooperation between the legislature and the governor in this year’s budgetary process. Credit should be given to the governor who outlined his priorities at the outset of the session and then convinced both lawmakers and Oregonians of the reality of the times. The evenly split membership of the House of Representatives and the small margin of votes Democrats had in the Senate gave neither party the upper hand, and from the first days of the session, lawmakers began to cooperate and work toward providing a budget that appears to be a solid and realistic piece of work.

The uncertainty of the economy is still a major concern, and before the legislators left Salem, they understood that, when they returned in February to what has become a shorter session in the off years, they may well have to make more adjustments to the budget they approved in June. Political scientists often remark that what happens in state governments usually takes place on the national level a few years later. It would be wonderful to think that Oregon may serve as what could also be expected at the national level in a year or two.

References

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