

Notes for final budget presentation in House (SB 5529)

Opening

Thank you, Madam Speaker,

Since we are now voting on our final budget bills, I'd like to reflect on the budget as a whole.

As you know, I have served on the state's budget-writing Ways and Means committee for the past decade, scouring agency budgets to find ways to spread our dollars further. I've worked with many of you over the years to reduce redundancies, streamline services, and improve transparency and accountability for every tax dollar we spend.

This biennium was unique because we came into the session facing a \$1.8 billion shortfall. While it was my first session as co-chair of Ways and Means, my years on the budget writing committees made it easy to see that finding a path to stabilize our budget for the long-term would be the biggest challenge I have ever faced as a lawmaker.

When Senator Devlin, the budget co-chair for the Senate, and I started our work, many months ago, we didn't know whether we'd have some, or any, additional revenue to balance the budget, so we developed an "existing resources" budget. It showed roughly how each program area would be funded given only the resources available under current law. We assumed no new revenue, and that all expiring tax credits would expire.

This was a difficult starting place for our budget conversations – painful even. But we achieved several important objectives by beginning the process this way. First, it ensured that we could fulfill our constitutional obligation to balance the budget. Second, it allowed us to scrutinize budgets for savings in order to direct funds to the highest priorities.

This budget environment also forced us to have difficult conversations about the structural issues underlying our perennial budget challenges. Sen. Devlin and I adopted some common-sense budgeting principles as part of our broader effort to bend the state's long-term cost curve. For the most part – that is, with very few exceptions – we severely limited the number of task forces that needed to be funded. We favored funding existing programs that have proven outcomes over starting new ones, unless the new program would save money or avoid larger costs, or replace a less effective program.

We also worked closely with every subcommittee to develop prioritized lists of spending reductions. We made across the board and then additional selective cuts to that general category supplies and services – that's the money allocated for state staff and agency expenses. We have cut over 330 positions that were vacant in favor of supporting areas more directly related to helping people.

New this biennium is the Marijuana tax revenue, distributed according to the voter-adopted ballot measure: 40% to education, 20% to mental health, alcoholism, and drug

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services; 20% to local government, 15% to the state police and 5% to the Oregon Health Authority. *[About \$ 200 is projected as revenue for 2017/19.]*

In the end, thanks to a positive revenue forecast, a successful provider tax package to fund our Medicaid population, and several major cost containment measures – we were able to avoid the worst cuts to our schools and critical services and balance the state’s budget.

We wrestled with the difficult choices built into our current resources, and I would argue that we succeeded in both streamlining government services, and prioritizing these budgets to reflect Oregonian values.

I urge an aye vote.

Closing

Madam Speaker, I want to underscore that Senator Devlin and I listened to our colleagues, community leaders, and citizens from across the state at every stage of this process.

Back in February, we hosted budget-focused town halls around the state, and heard from hundreds of Oregonians. Some of the stories we heard were heart-wrenching, and the anxiety about looming cuts was very real.

We’ve worked with colleagues on both sides of the aisle as we prioritized our limited resources for the biennium. It may have been funding for state or community programs that required additional funding, like vision screening for school children, combating sudden oak death disease, or background checks for volunteers working with children.

As you all know, now, after passing nearly 90 budget bills, we don’t have one big budget bill. So, I want to take a few minutes to reflect on what all those budget bills did, and point out some things that don’t make headlines but mean a lot to Oregonians around the state.

In the big picture, we place high priority on education, housing, child welfare, food, veterans, and mental health.

We address mounting concern over water adequacy in regions around the state, from Willamette and Deschutes to the Umatilla Basin, and also establish a permanent Dam Safety Engineer.

Money is added for: air quality monitoring equipment and positions; low interest loans to replace failing septic systems; and the wood smoke reduction program.

We expand prison capacity at the Deer Ridge Correctional Institution in Madras, and continue improvements to the Behavioral Health Unit at the Oregon State Penitentiary.

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State Police will get 33 new vehicles – finally – and the Pendleton Forensic Lab will be moved and improved. The budget does not include funding to open an additional women’s prison.

In the Business Development Department, we fund effective and promising programs that support small business, entrepreneurs, and innovators – through Small Business Development Centers, Oregon RAIN, the Oregon Manufacturing Innovation Center, and a new Rural Opportunities Initiative.

But all of that was possible because we made cuts in other areas – in other words, we are prioritizing.

Unfortunately, in a “cuts” budget scenario, we can do only so much to address all of the concerns and priorities we heard about in these community meetings. I’m truly sorry that there are disappointments along with the successes this session.

But I’ve been clear – as many of us have – that solving our structural budget problems will require targeted cuts, permanent cost-containment strategies, and revenue reform.

We came into this session with high hopes for real reform and we worked many, many long days in the effort to find a compromise for a long-term budget fix. Unfortunately, we couldn’t get to a deal – a deal that has unfortunately evaded governors, legislators, and citizens for a generation now.

That means we’re ending this session with a balanced budget and – yet again – unfinished business. We have more work to do on cost-containment – including PERS reforms. We laid important groundwork for revenue reform – but we still need more support to get it done.

Madam Speaker, there is simply no way to keep up with the needs of our growing state and invest in the critical services that people like Ginger and Heidi and Adam described, unless we achieve these needed reforms.

As we vote today on these final budget bills, I’m hopeful that we won’t be back in this position again at the end of the 2019 session. I’m hopeful that we will be able to say we’ve finally found that bipartisan “sweet spot” of compromise. Because then, and only then, madam Speaker, will we be able to invest in the high-quality schools and services that will give all Oregonians an opportunity to thrive.

Until then, I urge your aye vote – this is the best budget we could do for now.