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Basic Budget Balancing Act

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"The problem is not that people are taxed too little, the problem is that government spends too much." Remember that saying from the late President Ronald Reagan? I think it still applies today when we step back and take an objective look at the Oregon State Budget.

I know budget babble can be boring, but it's really important for Oregonians to get a grip on what's going on here before they face hundreds of millions of dollars in new taxes. Grab your Excedrin and let's see if I can lay it out for you in as simple terms possible.

First, the current two-year state budget is \$15.1 billion (with a "B"). That's the amount established for state agencies to maintain all the services they provide from July 2007-June 2009. Keep in mind we had nearly \$3 billion in extra revenue to spread around on new programs and 1200 new workers in the last budget.

I joined several other conservative legislators in warning folks that this level of spending would just bloat state government to an unsustainable level - translation? There was no way income tax and lottery dollars could keep churning out this level of revenue. Something would have to give; something would have to be cut. Did legislative leaders listen? No.

Fast forward to today. The economy went in the tank. Unemployment skyrocketed to 12% and legislative leaders are now talking about cutting \$2 billion out of the new state budget for July 2009-June 2011. Why? First they assume state programs will need \$16.7 billion to continue present operations. Second, only \$13.7 billion in revenue is expected to come in the door for the next budget cycle.

To close the multi-billion dollar gap, legislative budget leaders plan to use some of that magic federal stimulus money, a few reserve funds and, you got it, "raise taxes." Remember, taxes are the liberal's answer to close that multibillion dollar gap. Because to them this is about what they "think" agencies need to operate versus reality.

Why do we assume that starting in July all state programs need an automatic 10%-20% more money? Why not keep spending levels the same and add in a little for targeted areas like services for people with disabilities and low-income seniors? What about a few more dollars for K-12 classrooms? Perhaps some extra money to keep bad guys locked up in prison?

It's all about rethinking the way we approach the state budget. Prioritize the core functions and cut those that are not essential. That's what the Back to Basics Budget Plan is all about and you can check it out by [clicking on this link](#).

This plan looks at what we spend now, what is projected to come in, uses reserves and other funds to cover the additional needs in the areas I mentioned before. You can't tax your way out of a recession. And massive cuts to critical programs when you have piles of reserves sitting around are not right either. Sure it sounds pretty cut and dry but it is a lot more complicated than that. I'm just giving you the big picture.

So when you see stories in the news about 1,700 layoffs of state workers proposed by legislative leaders, remember the 1,200 new employees that were just hired in the past couple years. When they threaten to reduce the number of kids in Headstart, ask if this is really a "cut" in

the current amount of funding or is it just a "reduction in the increase" they had hoped to get?

For example, the total amount the legislature approved for spending on "administration" for the entire state budget for 2007-09 was \$189 million dollars. That's \$6 million less than the \$195 million the current budget leaders are planning to spend and it's \$17 million less than what they think is an "essential" level of spending. So we're spending more actual dollars but it's somehow a cut?

Finally, when you hear legislators talk about how vital it is to increase the tax burden on wealthy individuals and corporations, think about whether increases are needed in the first place and who is really going to pay? Probably consumers through higher prices, and workers through job losses.

Rather than reshape the way we deliver government services through real reforms, legislative leaders expect Oregon taxpayers to keep shelling out more and more to feed the machine. Enough. There are better ways. **See my recent column in NW Conservative Magazine. Click here.**

Noted economist Milton Friedman put it best. "If a government were put in charge of the Sahara Desert, within five years they'd have a shortage of sand." For details on the Back to Basics Budget Plan check out www.backtobasicsbudget.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim Malachuk", written in a cursive style.