

Increased state revenue bolsters education

By Chris Rizo
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SALEM — When Alan Bates joined the state Legislature in 2001, little did he know that Oregon was heading for the steepest economic downturn that the state has ever experienced.

Marred by a national recession that hit Oregon particularly hard, the Ashland Democrat's first term in the House of Representatives was a grueling exercise in patience and disappointment.

The state's general fund dipped 23 percent in the 2001-03 biennium, forcing lawmakers to pare services and borrow \$450 million from Wall Street investors to keep basic state programs operating after Oregon voters in 2003 rejected Measure 28, a temporary 1 percent tax increase.

"Oregon fell faster and deeper than any other state in the Union," Bates said of the 2001-03 national recession. "In Oregon, we'd become dependent on the high-tech industry, and it collapsed."

With no structural budget reserve to cushion the fall, Oregon lawmakers had the herculean task of making deep cuts to programs created prior to the dot-com bubble burst.

The Legislature eliminated health care coverage for tens of thousands of Oregon's working poor, raised college tuition and reduced services for the elderly and infirmed. Locally, Ashland School District trimmed 10 days from its academic year in 2003 to save money.

Now, the economic tide has shifted. State revenue projections are no longer hemorrhaging red ink.

"We were in this huge hole, and we're just beginning to step out of it," said Bates, a member of the powerful Joint Ways and Means Committee, which controls the Legislature's checkbook.

This year, tax dollars have gushed into state coffers far beyond official expectations, and Bates said the Democratic majority in the Legislature has tried to "responsibly" backfill many of the cuts made during very dire economic times.

He said once inflation is accounted for, most programs in the coming 2007-09 budget cycle will be funded merely at their 2000-01 levels, despite the extra \$152 million that budget writers were not expecting when drafting the two-year spending plan that begins July 1.

"We could have spent a lot more money than we are, but we've chosen not to," Bates said. "Financially, we have been very conservative."

Bates, who describes himself as fiscally conservative, said this will be a rare session in which lawmakers will eschew their typically profligate ways and not spend every penny at their fingertips, opting instead to leave a "robust" ending balance that can be squirreled away in the state's newly created rainy-day fund.

"For the first time in history," he said, "Oregon is going to have a rainy-day fund this year."

The rainy-day fund opened with \$290 million in corporate tax rebates canceled by lawmakers this year. The fund is designed to help stave off a repeat of deep cuts during the next recession.

To build the fund into a substantial reserve, lawmakers will dedicate 1 percent of all future budgets into the savings account, as well as deposit the money it has left over after each session until 7.5 percent of the prior biennium's general fund revenues is held.

A ways to go

State Rep. Peter Buckley of Ashland said even with the strides the Legislature is making, lawmakers still have much more to do to reverse last session's cutbacks and overcome the 15 years he said Republicans "refused to invest in the programs important to the state" when they held a majority in the House.

Buckley, the Democratic chairman of the House Education Committee, said the state "has a ways to go" before schools and colleges in the Beaver State get the funding they deserve.

"Overall, we are moving in the right direction," said Buckley, a member of the House leadership. "I'll be able to leave Salem in the end of June and be able to say that we've made progress."

Buckley is "pretty darn happy" with the proposed \$6.2 billion K-12 budget. The \$876.8 million higher-education budget for Oregon's seven public universities is "better, but not good enough," he said. Buckley criticized the \$500 million community college funding plan expected to be voted on in the House this week as "far short of where we need to be."

Bates, meanwhile, said he is disappointed that Head Start would be only 80 percent funded under the current budget proposal, up from about 40 percent. For an additional \$10 million, Bates said, the program could be funded completely.

"This would give our kids the preparation they need for kindergarten and first grade," he said. "Some kids come to our schools never having held a pencil in their hand, never had paper in their hand; never seen a book, let alone having one read to them."

School funding increased

Outgoing Ashland School District board member Amy Amrhein, who worked also as Buckley's campaign consultant, said the proposed K-12 spending plan would "go a long way" to provide Oregon's schoolchildren a quality education.

"It's still not where we need to be, but this is a very good start," she said. "It is great that K-12 has come out as well as it has this biennium with all the other demands on the general fund."

While schools are likely to get 14 percent more money during the next budget cycle than they did in the current spending plan, their share of the state general fund is shrinking, said Amrhein, who after six years on the school board did not seek re-election.

Last session, she said, schools received 44 percent of the general fund, and this year that figure could slip to 41 percent.

"Thank God that the May revenue forecast was up," Amrhein said, noting that much of the unanticipated revenue is going to classrooms.

Sharon Davidson, a member of the Rogue Community College Board of Education, said she is holding out hope that their 16.6 percent proposed funding increase is evidence that after years of neglect legislators are starting to make the state's 17 community colleges a priority.

"This is a good start, but you can't overcome a disinvestment in one biennium," she said of the proposed community college budget. "We are still struggling to make up for where we were three years ago."

Davidson said her delight with the budget plan is diminished only by the fact that RCC continues to be shortchanged by the state's community college funding formula, which takes into account local property tax revenues that pour into a college's coffers.

She said the state penalizes RCC for the money the school gets from a special voter-approved levy, since that money is deducted from the school's state general fund allotment.

So, while overall state spending on community colleges has increased 13 percent since 2003, RCC has experienced a 16 percent drop in its state funding during that time because Jackson and Josephine counties raise millions for the college through property taxes.

Davidson says she too is thankful that the Legislature has more to spend this year, but grateful for slightly different reasons.

"Obviously, if the pie was smaller for community colleges and the funding formula doesn't favor you, it could be a double whammy," she said.

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