

Back to Basics Budget: *A Better Plan for Oregon*

When lawmakers return to Salem in February they could be looking at a \$733 budget hole. The hole can be filled while still funding education, from K-12 through community colleges and universities, at levels approved by the Legislature in 2009. The goal is to reduce the cost of government without reducing services to Oregonians.

The Plan:

1) Ask state employees to pay for their health care at the same rate teachers currently do	\$131 million
2) Roll back the pay raises granted to state employees	\$160 million
3) Eliminate Department of Revenue costs to administer the tax increases	\$1.5 million
4) Eliminate duplicate funding for the Bureau of Labor and Industries	\$1 million
5) Eliminate state funding to the Portland Art Museum	\$0.31 million
6) Use over-collected funds from the Government Ethics Commission	\$0.5 million
7) Suspend part of the BETC credit	\$85 million
8) Suspend General Fund Spending on new “Autos & Aircraft”	\$5 million
9) Transfer some money from the State’s Risk Assessment Account	\$13 million
10) Use part of the \$ 3 billion in “Other Fund” Ending Balances	\$133 million
11) Use part of the Education Stability Fund / Rainy Day Fund	<u>\$203 million</u>
TOTAL	\$733 million
Other Savings	Approx \$500 million

Back to Basics Detail

- 1) **State Employee Benefits - \$131 Million** - Much has been made of the fact that Oregon Public Employees do not contribute toward their health insurance premiums. The same cannot be said for teachers. The average teacher contributes \$187.07 per month toward their health insurance. According to DAS, 47,054 employees receive fully paid health insurance. If each of those public employees paid the same as the average teacher, the

state of Oregon would save \$211 million per biennium or \$131 million in what is left of the current biennium. Oregon is one of the only states that continues to offer fully paid health insurance to state employees. Elected officials at the state level are also included in this plan.

- 2) **State Employee Pay raises - \$160 million** – Eliminate the pay raises granted by the Governor without legislative input. Would apply moving forward.
- 3) **Tax Administration - \$1.501 million** – Eliminate the funding to the Department of Revenue to support additional work driven by an increase in corporate taxes. The money will not be needed if the taxes fail (House Bill 5054 – 2009).
- 4) **Bureau of Labor and Industries Appropriation - \$1 million** – Remove duplicate appropriation from the Bureau of Labor and Industries that was given to the Commissioner’s Office, the Civil Rights Division, the Wage and Hour Division and Apprenticeship and Training. House Bill 5024 (2009) originally eliminated the funding. This money is in addition to the \$642,861 appropriated to the Department of Justice for Civil Rights work (House Bill 5054 – 2009).
- 5) **Portland Art Museum - \$0.31 million** – Remove appropriation to the Portland Art Museum from February 2009 forward. The original allocation was \$500,000 (House Bill 5054 – 2009).
- 6) **Reallocate Over-Collection by the Ethics Commission - \$0.5 million** – According to The Oregonian, the Oregon Government Ethics Commission is collecting \$600,000 more during the 2009-11 biennium than they are authorized to spend. Reallocating \$500,000 leaves the OGEC with \$100,000 in reserve.
- 7) **Suspend Part of the Business Energy Tax Credit - \$85 million** – Projections from the Legislative Revenue Office show the Business Energy Tax Credit will cost the state \$167 million during the 2009-11 biennium.
- 8) **Suspend General Fund Spending on new “Autos & Aircraft” - \$5.497 million** – The 2009-11 budget allocated \$5.497 million in General Fund revenue for the capital purchases of “Automotive and Aircraft.”
- 9) **State Risk Assessment Account - \$13 million** - \$20.2 million was swept from this fund in 2009 and the fund is projected to have an ending balance of \$63.5 million at the close of the 2009-11 biennium.
- 10) **Transfer Excess Other Fund Balances - \$133 million** – With the release of the 2009-11 revised Other Fund Ending Balance we believe there are approximately \$133 million, out of approximately \$3 billion, that can be reallocated. Lawmakers reallocated \$82.9 million in 2009 the plug another budget hole.
- 11) **Education Stability Fund / Rainy Day Fund - \$203 million** – The Education Stability Fund and Rainy Day Fund are expected to contain \$185 million and \$127 million respectively at the close of the 2009-11 biennium.

Other Savings

The Department of Human Services has embarked on a plan to save over \$500 million. The plan, called the *Transformation Roadmap*, has already saved \$40 million and DHS should be encouraged to speed up the process. At the same time other state agencies should launch similar plans. What other efficiencies and savings could be found? It makes sense to increase efficiencies before we ask Oregonians to send more money to the state.