

State Budget Reform Toolkit Bills in Oregon

An in-depth look at the state's budget reform

BY Representative Gene Whisnant

The Oregon 76th Legislative Session is a history of firsts. This is the first session with a third term Governor, the first session after the voters approved annual sessions, and also the first session with the House equally divided 30-30. As a result, this may be the session to pass model legislation from *The State Budget Reform Toolkit* to reform Oregon's budgeting.

To gain momentum on budget reform, I hosted a briefing on the *Toolkit*. Jonathan Williams, Tax and Fiscal Policy Task Force Director, and Bob Williams, Task Force Private Sector Chair, worked with 50 legislators, staff, and business leaders on priority-based budgeting. I received an overwhelming response from my colleagues in senior leadership positions. House Co-Speakers; Bruce Hanna (R-Roseburg) and Arnie Roblan (D-Coos Bay) participated in the session. Additionally, Joint Ways & Means House co-chairs Dennis Richardson (R-Central Point) and Peter Buckley


(D-Ashland) also attended. This successful briefing equipped our legislators with ALEC resources on fiscal solutions.

Additionally, I also introduced *Toolkit* model legislation to reform Oregon's budget. I addressed agency performance (HB 3360), economic forecasting (HB 3486), revenue certification (HJR 41), and privatization (HB 3488). By addressing these four key areas, I am optimistic that these bills will promote a better budget process. Each of these bills will also improve Oregon government, which will result in less government costs and more funding for education, public safety, and other essential state services.

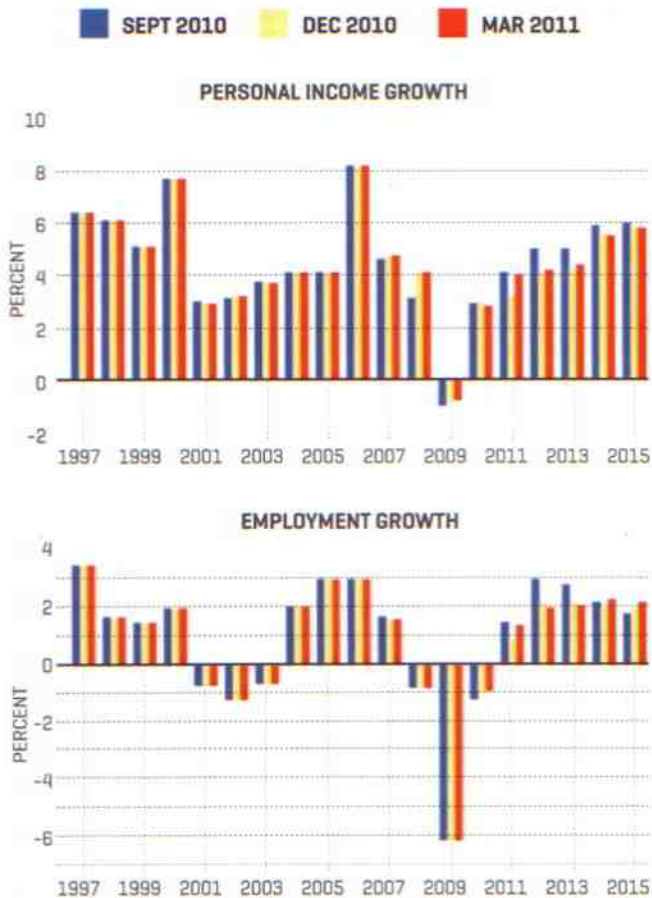
To improve agency performance, positions vacant for more than six months should be eliminated. Many agencies may have positions which they never fill. This does not indicate a true personnel requirement to perform their missions for the citizens. As a result, taxpayers suffer. Furthermore, some state agencies may use these vacant positions for operational costs and to satisfy reductions. HB 3360 eliminates positions vacant for more than six months, enabling Oregon to have an accurate budget.

A responsible budget should also have accurate forecasting and revenue certification. To provide more realistic expenditures for the budget, HJR 41 would require the State Treasurer to certify estimated revenues. Furthermore, HB 3486 promotes accurate economic forecasting by creating a committee to prepare the forecast. Oregon's track record with economic forecasting has room for improvement. For example, Rep. Richardson reported that the 2011-13 current budget forecast is \$13.77 billion, but in May 2007, the revenue forecast for 2011-13 estimated \$17.7 billion (a \$4 billion revenue forecast decline). According to the Representative, every Quarterly Revenue Forecast for the past three years has opined a rapid and substantial recovery but every forecast was consistently optimistic and each was consistently wrong. HJR 41 and HB 3486 will help lawmakers develop a realistic budget.

Lastly, private-public partnerships is a key component for smart budget reform in Oregon. Rep. Mark Johnson (R-Hood River) is leading our effort with Rep. Andy Olson (R-Albany) and Rep. Patrick Sheehan (R-Clackamas) on our public contracting bill (HB 3488) which has gained the interest of the education community and local governments because they also need to find efficiencies in this economic environment. Further, HB 3488 may offer the state, local governments, and school districts the possibly to be more efficient with less revenue.

It is proven that Oregon can pass responsible legislative based upon the ALEC Jeffersonian principles; therefore, this session may provide a real opportunity to pass some of the ALEC State Budget Reform "Toolkit" model legislation to help Oregonians. 

COMPARISON OF LAST THREE FORECASTS



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