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Governor Kulongoski unveils changes for reshaping state government

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Gov. Ted Kulongoski unveiled today an <http://www.statesmanjournal.com/article/20100625/UPDATE/306260001> array of recommendations for reshaping state government in ways guaranteed to anger nearly every group.

But in a <http://www.statesmanjournal.com/live> speech to the Portland City Club, Kulongoski said state government cannot do business as usual in the future given projections of lagging tax collections in the next few years.

Point by point: <http://www.statesmanjournal.com/article/20100625/UPDATE/306260001> Effects on major state operations

Video: <http://www.statesmanjournal.com/live> Watch a replay of Gov. Kulongoski's speech at the Portland City Club

Read the report: <http://www.statesmanjournal.com/assets/pdf/J0160072625.PDF> Reset Cabinet's recommendations

Speech: <http://www.statesmanjournal.com/assets/pdf/J0160074625.PDF> Read Gov. Kulongoski's speech as prepared for delivery.

Website: http://governor.oregon.gov/Gov/governor_reset_cabinet/reset_state_govt.shtml Governor Kulongoski's Reset Cabinet website

"Since a traditional economic rebound is not in the cards, Oregon will have to create the next decade's opportunities through hard work and tough choices," Kulongoski said. "That means changing the way we think — our mindset — as well as changing the way government does business because the current structure of government is simply not sustainable anymore."

State government now pays 70 percent of the operating costs of public schools, provides health care and other services to thousands of needy Oregonians, and houses 14,000 inmates, more than 40 percent of whom are serving mandatory minimum sentences for violent crimes.

Kulongoski's proposals would affect all those services — which account for more than 90 percent of the state's discretionary spending from the tax-supported general fund and lottery proceeds — and employee pay and benefits. He said state workers, faced with rising costs, will have to pay part of their own health insurance in the future; they currently pay no premiums or deductibles, although there are copayments for services and medications they use.

The governor was applauded before and after the speech, his eighth before the city club, which consists of 1,500 leaders from business, government, social services and other professions. But he was not interrupted by applause once, and he omitted any opening banter.

Some Democratic lawmakers did congratulate him afterward.

In a short interview afterward, Kulongoski said his proposals were intended to spur a public discussion of alternatives for state government during the general-election campaign this fall.

“As much as it was about the ideas in the speech, it was an attempt to get the candidates for governor and the Legislature to respond when people ask them about these ideas,” he said. “If they don’t like what I presented, they should tell people how they are going to resolve this deficit in this next legislative session.”

The Democratic chief executive leaves office Jan. 10, when his second term ends. Oregon law bars him from seeking re-election.

The next two-year state budget cycle, which starts a year from now, projects a gap of more than \$2 billion between available income from tax collections and lottery proceeds and current state services and aid to public schools. The report projects that if all the recommendations were followed, \$1.5 billion would be save over the next two cycles from mid-2011 to mid-2015.

Kulongoski last fall named seven members to a “reset Cabinet” to come up with proposals for change in state government. Three members are agency directors, two others are former officials in his administration, and two others are from the private sector. Among them was Lane Shetterly of Dallas, a former Republican state representative and former director of the state land-use agency, who returned to private law practice in 2007.

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