



Recognize the realities of Reset — and its cost

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There are many things — state budget projections, health insurance arrangements, iPod playlists — that can be reset.

There are other things — planetary orbits, the cost of cutting-edge scientific research, Oregonians' confidence that shrewd redesign can make up for an absence of money — that tend to resist readjustment.

On Friday, Gov. Ted Kulongoski gave the City Club of Portland his outlook on the state's economic future, and the report of his Reset Cabinet on how to deal with Oregon's being short \$10 billion over the next decade to continue its current level of services. It's an outlook to make a departing governor glad that he's departing.

The situation, as he rightly declared, requires bold thinking, and many of his ideas and proposals properly reflect that. But his speech also reflected the most traditional of Oregon ideas — the belief that somewhere is the deft design, undiscovered by other states, that can achieve your goals while spending a lot less money.

"The hard truth," declared the governor, "is this: No matter who is elected in November, or who is in control of Salem in 2011 — recovering from this Great Recession will be a long, slow, and difficult journey for Oregon.

"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. That means changing the way we think — our mind-set — as well as changing the way government does business because the current structure of state government is simply not sustainable any more."

Kulongoski presented the report of his Reset Cabinet, nine prominent state figures who have spent months studying the state's condition and options, and produced proposals for surviving the storm.

Among the new realities is the certainty that the Legislature arriving in Salem in January, no matter

who sits in it, will not be interested in new taxes.

And that Congress seems to be cutting the states loose like a pack of unwanted nephews.

Many of the proposals from the governor and his Reset Cabinet are plausible, if not inescapable. There has to be changes in how we pay for public employees' health care, and in state and local governments picking up the 6 percent employee contribution to retirement. We send too many people to prison for too long — although changing that will be a hard battle, and, with the governor's understandable interest in expanding drug and alcohol treatment, probably not save as much as we'd like to think.

And while statewide contract negotiations for teachers has a certain logic in what's now nearly a statewide system, from all experience — such as Washington's — it's more likely to cost you than save you money. Lower-paid districts are more likely to be brought up to the average than higher-paid districts to be brought down.

“Our focus on higher education must also recognize the critical role universities play in research and innovation, which in today's economy are engines of growth and prosperity,” said Kulongoski said. “No matter how tight our state budget, we must make room in our investment decisions for university-based research and development.”

To bolster higher education research and access, Kulongoski proposes giving universities the flexibility and freedom from state regulation that university presidents have badly wanted. This is intended to balance a 15 percent reduction in state general fund support for universities, where on a per-capita basis Oregon is already 44th in the country.

States, like everybody else, are bounded by how much money they have. If you can't afford a Mercedes, you can buy a Kia. But it's a persistent Oregon delusion to believe that through shrewd calculation, your Kia can operate just like a Mercedes.

At the end of his speech, Kulongoski talked about facing “a new reality of how government functions, an accumulation of events and the initiative process that are coming home to roost.” He was talking about the mandatory minimum-sentence Measure 11, but he could also have been talking about the tax initiatives of the same decade that have steadily reduced Oregon's national ranking in what it spends on education and government.

If you've gone from 15th to 30th in spending per student, it's going to be reflected in your school system no matter how you design it.

For the immediate future, changes in Oregon's revenue system probably are unimaginable. But at some point, there will be an inescapable recognition that states, like everyone else, get what they pay for.

And we'll rediscover that it's an idea not subject to reset.