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## Kulongoski tells budget officers no more business as usual

### Governor addresses luncheon of the National Association of State Budget Officials

Peter Wong • Statesman Journal • July 28, 2010

PORTLAND — Gov. Ted Kulongoski said today that Oregon and other states need to reassess what their governments do, not resume business as usual, after the worst economic downturn since the Great Depression 80 years ago.

He told budget officials that states will be forced to do so as lagging tax collections are outpaced by increased costs and growing demands for services. "It left us with less revenue to fulfill the core responsibilities of government," Kulongoski said at a luncheon of the National Association of State Budget Officials, which was concluding its three-day annual meeting at the Portland Hilton.

"That means changing the way we think — our mindset — as well as changing the way government does business because the current structure of our state government, and I would suggest of yours, is simply not sustainable anymore."

A month ago, Kulongoski unveiled a set of recommendations from a "reset" group he named to propose ways of reshaping how dollars are spent on education, health and human services, and public safety — which together account for more than 90 percent of discretionary spending from the tax-supported general fund.

He said details of such reviews will differ from state to state, but they are necessary.

"If the traditional economic rebound — the V-shaped recession — is not in the cards, we will have to create the next decade's opportunities through hard work and tough choices," Kulongoski said.

Much of the speech was a reprise, although tailored for a national audience, of what Kulongoski outlined June 25 to the Portland City Club.

He plans a similar speech Friday to the Eugene City Club, and other trips to Medford and Pendleton. He is barred by law from seeking a third consecutive term.

"The task of repositioning Oregon — and your state — for long-term success is too important to be sacrificed on the battlefield of partisan political warfare," he said.

He focused on three issues:

— Public safety, particularly the more than doubling of the state's prison population since 1995, when mandatory minimum sentences for some violent crimes took effect.

"Every state across the country is being forced to review and reconsider expensive mandatory-sentencing strategy in light of the Great Recession," Kulongoski said. "Oregon must do the same."

— Education, which consumes 60 percent of the state's discretionary spending. The state now pays 70 percent of school operating costs, but the 197 local districts spend it. The state contributes a declining fraction of support for universities, but they are under a state system.

"Oregon's approach to education governance and accountability is fragmented," he said.

— Public employee compensation, including health insurance and pension costs. Public employee unions have criticized Kulongoski, who was once a labor lawyer and received crucial support from them in his winning campaign for governor, for his proposals.

"The hard reality is that increasing labor costs will be a huge contributor to future deficits if we do not change the way we budget and provide compensation for public employees," Kulongoski said.

Scott Pattison, executive director of the association, said 34 states were represented at the meeting.

[pwong@StatesmanJournal.com](mailto:pwong@StatesmanJournal.com) or (503) 399-6745

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