

Kitzhaber delivers 'state of the state' speech

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PORTLAND — Gov. John Kitzhaber called on lawmakers Friday to take the next steps toward the sweeping overhauls of public education and health care that he proposed and they approved six months ago.

Kitzhaber outlined those new proposals in his second state of the state address today at a luncheon of the Portland City Club.

“Our success to date has been in setting the stage for change; now comes the hard work of implementation,” Kitzhaber said..

“Our ongoing success depends on working together in the upcoming session on the legislative tools needed to build the momentum to date and begin implementation.”

Lawmakers will open their 2012 session on Feb. 1, the first time they will meet under a law voters approved in 2010 requiring annual sessions of the Legislature.

Kitzhaber also said there is more to do on other issues, ranging from revamping state finances that rely largely on income taxes to redesigning the state budget and reducing the cost of prisons and public safety.

“But the point I want to make to you today is this: All of our job creation and economic development strategies will be futile in the long run unless we are successful in transforming



Rick Bowmer | Associated Press

Gov. John Kitzhaber speaks to the City Club of Portland Friday, Jan. 13, 2012, in Portland, Ore. The Democratic governor stepped up his sales pitch Friday, asking for support from civic leaders at the City Club of Portland in the first "State of the State"-style address of his third term a year after taking office. But he warned that "real change is always uncomfortable," and he said the struggling economy is still leaving Oregonians struggling on the margins.

our system of public education and our health-care system,” he said.

Education at all levels accounts for half the spending from the tax-supported general fund and lottery proceeds. The state’s share of health care is another \$1 billion, excluding earmarked and federal funds.

Last year, in the first year of his record third term as governor, the Democratic chief executive won legislative approval for his initial changes from a Senate narrowly divided and a House evenly split between the parties.

“It’s been refreshing to partner with a Legislature that has put problem-solving ahead of partisanship,” said Kitzhaber, who often fought with Republican legislative majorities during his previous tenure from 1995 to 2003.

As a result, the governor now leads a superboard overseeing all education spending, with the goal of focusing on students instead of institutions. He also has taken initial steps toward overhauling how health care is delivered to more than 500,000 low-income patients relying on state-supported care under the Oregon Health Plan.

He acknowledged that there is resistance developing from interest groups on both issues.

“Some are suggesting we have come too far, too fast,” he said. “What I hear from Oregonians is that we have not come far enough. We cannot lose our nerve at this critical moment, and we must forge ahead together.”

Education

For education, Kitzhaber asked lawmakers to consolidate a multitude of early-childhood programs, as recommended by his Early Learning Council.

“You hear these changes are happening too fast. For whom?” he asked rhetorically. “Certainly not the 18,000 at-risk kids born every year. For them, change can’t happen fast enough.”

He also wants to set up achievement compacts with Oregon's 197 school districts, based on student progress toward goals such as third-grade reading proficiency and high-school graduation, rather than linked to results of standardized tests.

He said the compacts are a key part of Oregon's bid for a waiver from the federal No Child Left Behind Act, which withholds money from schools deemed to be falling short of student achievement standards. Under the proposal, which has to be submitted next month, successful schools would be rewarded — and struggling schools would get support without being labeled as failures.

"The compacts express a common commitment to improving outcomes, but tailor outcomes to unique circumstances of individual districts," he said.

"They allow for the comparison of results and progress between districts with comparable populations. The achievement compacts will begin to connect funding to outcomes so the state can become, over time, a smarter investor in education."

Health care

For health care, he asked lawmakers to continue to move toward coordinated-care organizations, which will focus on prevention of illnesses and better integration of physical and mental health services under the Oregon Health Plan.

Although a consultant's report earlier this week said that such a shift would net big savings toward the end of the decade, it also will not come close to producing the \$239 million in savings that lawmakers assumed in putting together the current two-year state budget. State officials have said they hope for extra federal aid to close the gap.

There is also disagreement about the shape of such organizations, which would replace the managed-care organizations that oversee services for more than 80 percent of Oregon Health Plan patients.

But Kitzhaber said lawmakers and the public should take a long view.

“Consider a shortfall in the billions, which is what we are surely looking at if we continue to cling to the status quo,” he said.

“There are those who remain in denial — those who still believe that if they can simply delay the process we have started here, the problem will somehow go away. It won't.”

Although the overhaul will directly affect only those covered by the health plan, Kitzhaber said it could be a model for reining in overall health-care costs.

He also said lawmakers should take the next steps toward creating an electronic marketplace, known as an exchange, to let individuals and small businesses to shop for health insurance offering yet-to-be defined “essential benefits.” Estimates are that 300,000 Oregonians now without coverage would be able to obtain it.

Legislative committees are scheduled next week to hear progress reports on both proposals.

Doing both, he said, “is our chance to put into place a system that is economically sustainable.”

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