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LOBBYIST REPORT -- March 20, 1998

INITIAL BUDGET FIGURES ARE ENCOURAGING:

The Oregon Department of Administrative Services (DAS) has issued a tentative 1999-2001 budget, which is very encouraging. As of March 2, 1998, DAS is predicting a \$165.8 million surplus. This is how DAS arrives at its numbers:

Estimated Resources (in millions)		
General Fund Resources	10,404.4	
Lottery Resources	<u>523.7</u>	
		10,928.1
Estimated Expenditures (in millions)		
Tentative Current Service Level	10,431.3	
SAIF Repayment	80.0	
Emergency Fund	40.0	
2% Ending Balance	<u>211.0</u>	
Subtotal Tentative Budget		10,762.3
Subtotal Net Fiscal Position		<u>165.8</u>

All of the basic state programs are included in the *Current Service Level* budget! This is the most optimistic budget position we have been in for over twenty years. However, there are some possible "sour notes" being sung in the DAS projections.

First, the *Tentative Current Service Level* does not include about \$250 million that were allocated to K-12 education in 1999/2001. DAS has determined that these were "onetime funding" projects and would not be refunded in 1999/2001. Obviously, the educators do not agree and want those funds. This issue alone would use up the surplus.

Second, DAS cannot project which, if any, Ballot Measures will pass in November. Some have very expensive price tags and could easily push this budget out of balance.

Third, state employee compensation packages are not included. Traditionally this has been a very expensive item.

Fourth, though it is not being projected, an economic downturn could significantly reduce revenues. It is project that for each

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percentage point that the economy turns down it costs the state \$100 million dollars.

It is interesting to note that under the DAS scenario DHR will need 25 percent more General Fund (\$470 million) to continue existing programs into 1999-01 biennium. DHR's growth is driven by:

- increases in the eligibility populations -- \$120 million GF
- phase-in of 1997-99 programs -- \$100 million GF
- backfill federal & tobacco tax shortfall -- \$100 million GF
- increase in inflation and utilization -- \$150 million GF

Though the DAS figures are encouraging, they aren't a "done deal". We can only wait and see how it turns out. By the way, the economy could turn up, as well as down. If that occurs, then an even bigger surplus would occur.

POLITICAL UPDATE:

Tuesday, March 10, was the last day for candidates to file their candidate papers for the November election. As you have observed in your local media there were a few surprises. In a later newsletter I will bring you up to date on all of the races, but in the meantime there are a few of special significance.

First, four incumbent Republicans are being challenged in their party primary. This is an almost unheard of development and reflects the division within the Republican primary between its conservative and moderate wings. (The liberal wing of the republican party disappeared sometime during the Eisenhower Administration).

In the House two moderate incumbent representatives, Lynn Lundquist (the Speaker of the House no less) and Chuck Carpenter, face challenges from very conservative candidates, Tan Hermens and Bill Witt, respectively. Speaker Lundquist's challenge is occurring because many of the tax reformers", ie, Don McIntyre, think he has been too willing to fund schools. I doubt that this challenge is very serious, however, Carpenter has a real problem. Carpenter is being challenged by Bill Witt because last season Carpenter championed funding for education and social services, as well as anti-discrimination legislation. Witt, who lost two races to US Representative Elizabeth Furse, is well know and well funded.

In the Senate two moderate incumbent senators, Verne Duncan and Jeanette Hamby, are also under attack from very conservative

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opponents. Of the two, the challenge to Jeanette Hamby is the more serious. Sen. Hamby, a career long friend of human services is being challenged by St. Rep. Charles Starr. Starr is challenging Hamby both because she is a moderate and because he is a victim of term limits and cannot run again for his House seat.

There are two interesting primary contests on the Democratic side.

In NE Portland, two term limited State Representatives, Frank Shields and Lonnie Roberts are facing off in an attempt to move up to the Senate. This race is interesting because it matches a liberal, Shields, against a conservative, Roberts. The winner will shift the philosophical balance of the State Democratic caucus significantly.

In SW Portland, incumbent St Rep. Anitra Rasmussen is being challenged by Martin Taylor. Both Rasmussen and Taylor have similar ideologies, so it appears to be a contest over style and generation differences.

The outcome of these six primaries will a long way towards determining the philosophical make up of next year's legislature. For that reason I will keep you up to date on developments.

HOUSING UPDATE:

Currently there are two separate coalitions working to seek state funding for affordable housing for low-income people. One is the traditional, long established *Housing Lobby Coalition* and the other is the new "grass roots" organization, the *Coalition to Fund Affordable Housing (COFAH)*.

For time being both coalitions are pursuing identical goals, ie, the appropriation of \$160 million for the *Housing Trust Fund* within the HCS budget. This is a major plus, because unlike the 1997 Legislative Session when we split over the issue of the Real Estate Transfer Tax, we are not fighting with each other. Instead we are speaking with one voice.

Thought he goals are the same, each coalition is pursuing a different strategy. The *Housing Lobby Coalition*, which is made up of bankers, realtors, home builders, CDCs, CAPs, HAs and other advocates for low-income people, has assumed its normal insiders role and has assigned members to talk to individual legislators. The strength of this strategy is that it covers all parts of the political spectrum with conservatives talking to conservatives, moderates to moderates and liberals to liberals. Such a strategy has a chance of working as long as the goal his held in common. It falls apart if its members can't agree on a common goal. So far so good and early responses from legislators have been good.

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The *Coalition to Fund Affordable Housing*, which is made up primarily of CAPs, CDCs, HAS, advocates for the developmentally disabled and representatives from the Oregon Law Center, is pursuing a different strategy based on a "grass roots" effort. COFAH has divided the state up around clusters of State Senate Districts. It is now busy recruiting "team leaders" for each section. Each team leader in turn will either visit with their assigned legislator and/or recruit a local person, or group, to make legislative visits. (Some of you probably have already been contacted). By organizing in this manner COFAH hopes to be able to reach every incumbent legislator and legislative candidate.

I represent CADO at both coalitions, and in view of the favorable revenue forecasts, have high hopes that we can succeed in securing significant funding for housing in 1999. Of course, a great deal of my optimism is also tied to Bob Repine's new, aggressive style. If he can successfully persuade the Governor to deal with housing in a significant manner we are in very good shape.

OTHER LEGISLATIVE INITIATIVES:

It is far too early to produce a comprehensive list of legislative initiatives that other groups may be proposing. The few that I know of include:

- The *Oregon Coalition on Housing and Homelessness* (formerly known as the Oregon Shelter Network) intends to propose legislation that would allow churches, synagogues and other religious institutions to host homeless families in their parking lots provided sanitary facilities are available. This proposal is modeled on a section of a new City of Eugene statute.
- HCS will introduce the extension of "sunsets" on the property tax exemptions for non-profit housing developments. AOCDO will probably play a lead role in lobbying for its adoption.
- As a minimum AOCDO will seek restoration of its lost funding for the CDC Capacity Building grants, and is looking into getting additional funding.
- HCS will introduce legislation to expanded the cap for the *Low Income Tax Credit*. The *Oregon Bankers Association* will probably take the lead in lobbying for passage.

Surely other groups will be active. I would feel safe in expecting the *Oregon Hunger Relief Task Force*, in cooperation with the *Oregon Food Bank*, will have initiatives on food and hunger; the *Oregon Law Center* will probably again suggest revisions to landlord tenant laws; and, of course someone will suggest some "adjustments" to Oregon's welfare reform programs.

BIEBERLE "KIND OF READY" FOR THE 21ST CENTURY:

After several weeks of struggle I have progressed to the point that I now can send and receive *email*. You can reach me at: *bieberle@europa.com*.