

GOVERNOR VICTOR ATIYEH
STATE OF THE STATE MESSAGE
PORTLAND CITY CLUB
BENSON HOTEL, PORTLAND
JANUARY 28, 1983 Noon

PREPARED TEXT

IN SPEAKING OF THE "STATE OF THE STATE" THE SNAPSHOT MUST NOT MERELY BE THIS MOMENT IN TIME OF WHERE WE ARE BUT IN THE FLOW OF WHERE WE HAVE BEEN AND WHERE WE ARE GOING. IT IS AGAINST THIS BACKDROP THAT I ADDRESS YOU TODAY.

FOR THREE YEARS, WE HAVE BEEN IN THE THROES OF THE DEEPEST RECESSION IN THE MEMORY OF MOST OREGONIANS. THE FOUNDATIONS OF THE ECONOMY OF OUR STATE HAVE BEEN BATTERED AND BESEIGED BY A COMBINATION OF FORCES AS UNPREDICTED AS THEY WERE UNPRECEDENTED. OREGON HAS BEEN IN A FIGHT FOR ITS ECONOMIC LIFE -- A FIGHT WE NEVER ASKED FOR, A QUARREL WE NEVER STARTED, AGAINST FORCES BEYOND OUR CONTROL.

YET THROUGHOUT MY FIRST TERM AS GOVERNOR OF OREGON, WE HAVE FOUGHT -- AND THOUGHT -- ON OUR FEET, WITH OUR HEAD ALWAYS UP, AND WITH A KEEN INSTINCT FOR TURNING PROBLEMS INTO OPPORTUNITIES AT EVERY POSSIBLE CHANCE.

AS A RESULT, I KNOW WE ARE BETTER POSITIONED FOR RECOVERY THAN ANY STATE IN THE NATION. WITH THE ACTIONS WE HAVE ALREADY TAKEN, WE ARE POISED TO TAKE MAXIMUM ADVANTAGE OF EVERY POSITIVE DEVELOPMENT -- AND PREPARED TO FACE OR MINIMIZE THE NEGATIVE WHEREVER AND WHENEVER IT ARISES.

OUR READINESS CANNOT, HOWEVER, MASK THE DELICATE NATURE OF OUR TIMES. LESS THAN THREE WEEKS AGO, I SAID TO THE OREGON LEGISLATURE AND EACH OF YOU: "WE ARE BALANCED ON A FRAGILE FULCRUM -- IT IS NOW SOLELY WITHIN OUR HANDS TO DECIDE WHICH WAY THE BALANCE WILL SWING."

THE RECOMMENDATIONS I HAVE BROUGHT BEFORE THE LEGISLATURE WERE DRAWN WITH THAT THOUGHT IN MIND. INSTEAD OF A NARROW RANGE OF DEFENSIVE REACTIONS THEY SEEK TO REACH OUT AND RESPOND POSITIVELY TO THE STRONG MESSAGE FROM OREGONIANS IN THE LAST ELECTION, AND THE STRONG NEED OF OUR STATE TO CONTINUE SEIZING EVERY POSSIBLE ECONOMIC ADVANTAGE TO RETURN OUR CITIZENS TO WORK AND RESTORE THE ECONOMIC HEALTH OF OREGON.

TO UNDERSTAND MY RECOMMENDATIONS, YOU MUST UNDERSTAND THE PERSPECTIVE FROM WHICH THEY ARISE. IT IS A PERSPECTIVE OF THE INCREDIBLE DISTANCE WE HAVE GONE AS A STATE FOR FOUR VERY DIFFICULT YEARS, COMBINED WITH MY VISION AS GOVERNOR OF WHERE WE MUST GO IN THE NEXT FOUR YEARS -- TOWARD A BRIGHTER FUTURE BASED ON THE EFFORTS WE MAKE HERE AND NOW.

I WANT TO PROVIDE FOR YOU SOME OF THAT PERSPECTIVE --
AND THAT VISION -- TODAY.

I PROPOSED MY FIRST STATE BUDGET FOUR YEARS AGO. IN THE SIX YEARS BEFORE MY ELECTION, STATE GENERAL FUND EXPENDITURES HAD GROWN DRAMATICALLY. BUT THAT FIRST BUDGET REFLECTED MY COMMITMENT TO HOLD DOWN GOVERNMENT COSTS AND AT THE SAME TIME DO A BETTER JOB OF DELIVERING ESSENTIAL STATE SERVICES.

IN 1979, BEFORE THE RECESSION, BEFORE THE NATIONAL DOWNTURN THAT PUT US ON THE DEFENSIVE IN OREGON, I CUT \$478 MILLION FROM AGENCY REQUESTS BEFORE THOSE REQUESTS EVER REACHED THE OREGON LEGISLATURE. AT THE SAME TIME, I PROPOSED A MAJOR INCOME TAX RELIEF PROGRAM AND A PROPERTY TAX LIMITATION THAT WOULD HAVE CONTROLLED FUTURE INCREASES IN ASSESSMENTS.

THE LEGISLATURE APPROVED MY RECOMMENDATIONS TO HOLD-THE-LINE ON STATE SPENDING, BUT IN AN ATTACK OF THE DISEASE OF SHORT SIGHTEDNESS IGNORED MY TAX RECOMMENDATIONS. THEY INSTEAD CREATED A MAJOR PROGRAM OF PROPERTY TAX RELIEF WHICH WAS MADE POSSIBLE BECAUSE OF THE BUDGET CUTBACKS I HAD RECOMMENDED AS GOVERNOR BUT WHICH CONTAINED NO CONTROLS ON THE UNPRECEDENTED GROWTH OF PROPERTY TAXES.

IN AUGUST, 1980, AS THE RECESSION BEGAN ITS GRIP ON OUR STATE, THE LEGISLATURE MET WITH ME IN SPECIAL SESSION TO CUT \$122 MILLION MORE FROM ALREADY LEAN AGENCY BUDGETS IN A FURTHER EFFORT TO HOLD THE LINE. THE PRUDENT PERSON RESERVE ESTABLISHED BY MY RECOMMENDATION AT THAT TIME CARRIED US THROUGH THE REMAINDER OF THE 79-81 BUDGET PERIOD.

DURING THIS PERIOD OF TIME, WE MOVED TO IMPLEMENT A MORE ACCURATE AND MORE TIMELY REVENUE FORECASTING SYSTEM FOR THE STATE. INSTEAD OF DEPENDING ON A ONCE-A-YEAR REVENUE FORECAST FROM ONE PERSON, WE ESTABLISHED A RELIABLE ECONOMETRIC MODEL AND A COUNCIL OF ECONOMIC ADVISORS DRAWN FROM THE TOP RANKS OF OREGON BUSINESS, FINANCIAL AND ACADEMIC INSTITUTIONS. BEGINNING IN DECEMBER, 1981, THIS NEW METHOD ISSUES QUARTERLY INSTEAD OF ANNUAL REVENUE ESTIMATES. THE FIRST FORECAST RELEASED UNDER THE NEW SYSTEM LED TO THE LENGTHY SPECIAL SESSION OF LAST YEAR, WHERE \$58 MILLION WAS CUT FROM ALREADY TIGHT AGENCY BUDGETS -- BUT A VIGOROUS NEW ECONOMIC DEVELOPMENT PROGRAM EMERGED THROUGH MY RECOMMENDATION.

OTHER QUARTERLY FORECASTS THROUGH THE SPRING AND SUMMER OF 1982 LED TO SPECIAL SESSIONS TO REBALANCE PROJECTED SHORTFALLS OF \$107 MILLION IN JUNE, AND \$90 MILLION IN SEPTEMBER.

IN ALL, WELL OVER \$220 MILLION HAS BEEN CUT TO DATE FROM ALREADY REDUCED STATE AGENCY BUDGETS IN OREGON.

THESE CUTS HAVE COME ON THE HEELS OF SOME OF THE MOST SIGNIFICANT MANAGEMENT AND PROGRAM REFORMS OREGON STATE GOVERNMENT HAS EVER SEEN. IN WELFARE, WORKERS' COMPENSATION, ENERGY, HUMAN RESOURCES, GENERAL SERVICES, COMMERCE, AND ECONOMIC DEVELOPMENT -- WE STARTED THOSE REFORMS BEFORE THE ECONOMY FORCED REFORM ON US. THE STRONG STEPS WE HAVE TAKEN TO BALANCE OUR BUDGET WOULD HAVE BEEN TREMENDOUSLY MORE DIFFICULT AND PAINFUL HAD THEY NOT FOLLOWED THE REFORMS WE MADE. WITHOUT OUR EARLY ACTION, THE BUDGET SHORTFALLS OF THE LAST BIENNIUM WOULD HAVE BEEN MORE SEVERE AND CRIPPLING. WE NEED ONLY COMPARE OURSELVES WITH OUR NEIGHBORING STATES OF WASHINGTON AND CALIFORNIA TO SATISFY OURSELVES THAT WE HAVE TAKEN THE GUTSY BUT WISE COURSE.

THAT BRINGS US TO THE PRESENT DAY. AND WE CAN SEE THAT OREGON STATE GOVERNMENT SINCE 1979 HAS GONE THROUGH AN EXTRAORDINARY PERIOD. IN 120 YEARS OF STATEHOOD PRIOR TO 1979, ONLY FOUR SPECIAL SESSIONS OF THE OREGON LEGISLATURE HAD EVER BEEN CALLED TO REBALANCE THE STATE BUDGET. SINCE 1979, THAT ^{a shortfall in} NUMBER HAS DOUBLED -- INCLUDING THREE SPECIAL SESSIONS TO REBALANCE THE BUDGET IN 1982 ALONE.

YET DESPITE THE TREMENDOUS STRESSES UNDERGONE BY STATE GOVERNMENT DURING THIS PERIOD, I REPORT TO YOU TODAY THAT OREGON GOVERNMENT IS ON ITS FEET -- NOT ON ITS KNEES. STATE TREASURIES ELSEWHERE IN THE NATION HAVE BEEN DEVASTATED BY THIS RECESSION -- YET OREGON IS CONSISTENTLY CITED AS AN EXAMPLE OF STRONG MEASURES TAKEN EARLY BY ONE OF THE HARDEST HIT STATE GOVERNMENTS IN THE COUNTRY. WE ARE DOING MORE THAN EVER BEFORE WITH REVENUES THAT HAVE BEEN SLASHED BY THE RECESSION AND FEDERAL CUTS. WE ARE MEETING HUMAN NEEDS IN OUR STATE -- AND THE NEEDS HAVE NEVER BEEN GREATER OR MORE AGONIZING. AT THE SAME TIME WE HAVE BEEN MOVING FORWARD TO PLAN FOR RECOVERY, TO ATTRACT LASTING, PERMANENT JOBS; AND TO NURTURE EVERY HOPEFUL TREND WE SEE IN INTEREST RATES, HOUSING STARTS, AND NATIONAL ECONOMIC INDICATORS.

AS A RESULT, INSTEAD OF BEING PROSTRATE -- WE ARE POSITIONED.

BUT WE CANNOT BE POSITIONED FOR LONG AMID VERY FRAGILE INDICATORS WITHOUT MOVING CAREFULLY TO RESTORE SOME OF THE MOMENTUM WE HAVE LOST IN RECENT YEARS. AND WE CANNOT MAINTAIN FAITH WITH THE CITIZENS OF THIS STATE WITHOUT MAKING SERIOUS, LASTING REFORMS IN RESPONSE TO THE OVERWHELMING DEMANDS OF OUR PEOPLE.

THAT IS THE PERSPECTIVE THAT UNDERLIES ALL OF MY RECOMMENDATIONS TO THE 1983 OREGON LEGISLATURE NOW AT WORK IN SALEM.

WITHIN THAT CONTEXT THEN, HERE IS AN OVERVIEW OF MY MAJOR PRIORITIES AT THIS LEGISLATURE:

• PROPERTY TAX RELIEF. I HAVE SAID THAT THE DEFEAT OF BALLOT MEASURE 3 LAST NOVEMBER WAS AN EVERLASTING CREDIT TO OREGON VOTERS. BUT ITS NEAR-PASSAGE IS A FINAL WARNING TO ALL OF US.

WE MUST LIMIT THE GROWTH OF PROPERTY TAXES IN THIS STATE SENSIBLY AND PRUDENTLY. BUT WE MUST LIMIT IT NOW. THE TIME FOR ENDLESS HAGGLING, ENDLESS ALTERNATIVES, ENDLESS OBSTRUCTIVE NIT-PICKING, AND ENDLESS DEBATE IS PAST.

THE UNPARALLELED GROWTH IN REAL PROPERTY ASSESSMENTS IS A LOADED GUN HELD TO THE HEAD OF EVERY HOMEOWNING FAMILY IN THIS STATE. STATE GOVERNMENT ITSELF, BY UNDERWRITING A PERCENTAGE OF PROPERTY TAXES WITHOUT CAPPING THEIR GROWTH, HAS DONE LITTLE MORE THAN ENCOURAGE THE GROWTH WHILE FURTHER DECIMATING THE DECLINING RESOURCES OF THE STATE. WE HAVE IN PART HAD TO BALANCE THE BUDGET OF OUR STATE FOR THREE YEARS BY RELUCTANTLY REPAIRING OUR OWN MISTAKE.

THE PROPOSAL I HAVE RECOMMENDED TO THE LEGISLATURE WILL AT LAST HALT THE UNCONTROLLED INCREASE IN PROPERTY TAX RATES, YET PROVIDE THE MEANS FOR LOCAL GOVERNMENT AND SCHOOLS TO RESPONSIBLY MEET LOCAL NEEDS. A SEPARATE PACKAGE WILL AT THE SAME TIME CONTINUE DIRECT RELIEF FOR OREGONIANS WITH INCOMES OF \$30,000 OR LESS.

FOR THOSE WHO SAY THE ONLY RELIEF IS A ROLLBACK, LET ME REMIND THEM OF THE EVENTS OF 1979.

IN 1979, I PROPOSED A SIMILAR PROPERTY TAX LIMITATION, AS WELL AS REDUCTIONS IN THE INCOME TAX. AND IN 1979, NEITHER OF THOSE MEASURES WOULD HAVE SAVED OREGONIANS A PENNY THEN.

IN 1980, THE SAVINGS WOULD HAVE BEGUN.

IN 1981, THE SAVINGS WOULD HAVE GROWN.

BY 1982, THE PROPERTY TAXPAYERS OF OREGON WOULD HAVE SAVED OVER \$300 MILLION IN PROPERTY TAXES ALONE -- AND I DOUBT WHETHER LOCAL GOVERNMENT AND SCHOOLS WOULD HAVE FACED THE FRIGHTENING THREAT WE FACED IN NOVEMBER FROM BALLOT MEASURE 3. WITHOUT ENACTMENT OF A RESPONSIBLE LIMIT ON PROPERTY TAXES THIS SESSION, THAT THREAT WILL BE BACK.

● BUDGET AND REVENUE. THE BUDGET I SUBMITTED ON DECEMBER 1ST HOLDS MOST STATE AGENCIES TO THEIR REDUCED LEVELS OF THE CURRENT BIENNIUM. I HAVE RECOMMENDED SIGNIFICANT PROGRAM EXPANSION IN ONLY THREE CRITICAL AREAS: ECONOMIC DEVELOPMENT, PUBLIC SAFETY, AND HIGHER EDUCATION. OUR EFFORTS IN EACH OF THESE AREAS ARE OF THE UTMOST IMPORTANCE AS OREGON ENTERS A DIFFICULT FRAGILE PERIOD OF GRADUAL ECONOMIC RECOVERY.

THE REVENUE PACKAGE THAT SUPPORTS MY RECOMMENDED BUDGET CONSISTS OF MANY ELEMENTS -- ELEMENTS THAT ARE INTERCONNECTED AND INTERTWINED.

IN PLACING THAT PACKAGE IN PERSPECTIVE, IT IS VITAL THAT YOU REMEMBER THAT THE NET RECEIPTS TAX ELEMENT DOES NOT STAND ALONE -- AND I WOULD NEVER HAVE PROPOSED THAT IT STAND ALONE.

IT IS PROPOSED AS PART OF A TOTAL PACKAGE OF LIMITATION AND REFORM. THAT PACKAGE SUPPORTS A HOLD-THE-LINE BUDGET WITH MINIMAL CRITICAL ADDITIONS. THE BUDGET HAS BEEN BUILT TO KEEP OREGON POISED FOR RECOVERY, MOVING STRONGLY FORWARD IN VITAL AREAS, YET BRACED MORE FIRMLY THAN EVER BEFORE FOR ANY CONCEIVABLE VIOLENT SWINGS IN A VOLATILE ECONOMY.

AND FINALLY IT IS IMPORTANT TO KNOW THAT THE ACTUAL PURCHASING POWER IN CONSTANT DOLLARS OF THE BUDGET I HAVE RECOMMENDED IS SLIGHTLY LESS THAN THE PURCHASING POWER OF THE BUDGET PASSED BY THE LEGISLATURE IN 1979-81.

● OTHER LEGISLATIVE PRIORITIES. AS MANY OF YOU KNOW, SEPARATE SIGNIFICANTLY IMPORTANT LEGISLATION IS BEING INTRODUCED AT MY REQUEST IN THE AREAS OF:

● LAND USE: WHERE I AM SUBMITTING RECOMMENDATIONS TO REDUCE THE STRESS ON LOCAL JURISDICTIONS, AND AT THE SAME TIME RESTORE A COMMON SENSE APPROACH TO SPEED UP THE PROCESS. THE MEASURES I RECOMMEND ARE DESIGNED TO MAKE THE SYSTEM BETTER, FASTER AND LESS ABRASIVE; AND ARE DESIGNED TO AVOID ANOTHER THREAT LIKE BALLOT MEASURE 5 -- WHICH WOULD HAVE CAST THE ACCOMPLISHMENTS OF A DECADE INTO OBLIVIAN;

● ECONOMIC DEVELOPMENT: WHERE WE WILL CONTINUE TO BUILD ON THE STRONG PROGRAM WE BEGAN IN 1979 AND GREATLY ENHANCED LAST YEAR. MY BUDGET PACKAGE EMBODIES A COMMITMENT TO ECONOMIC DEVELOPMENT THAT EXTENDS TO EVERY AGENCY OF OREGON STATE GOVERNMENT;

● PUBLIC SAFETY: A DESPERATELY NEEDED PROGRAM EXPANSION TO ADD JAIL SPACE, STRENGTHEN THE ABILITY OF OUR STATE POLICE TO FIGHT CRIME AND THE NARCOTICS TRAFFIC, AND BRING ADDED ASSISTANCE TO OUR ATTORNEY GENERAL AND DISTRICT ATTORNEYS AROUND THE STATE;

● FOREST PRODUCTS: A SERIES OF STEPS THAT WILL MARSHAL SIGNIFICANT NEW ASSISTANCE FOR ONE OF OUR STATE'S KEYSTONE INDUSTRIES; AND

● HIGHER EDUCATION: TO RESTORE MOMENTUM, AND CREATE A VITAL NEW PARTNERSHIP BETWEEN HIGHER EDUCATION AND OUR EFFORTS IN ECONOMIC DEVELOPMENT.

MY RECOMMENDATIONS, MY LEGISLATIVE PRIORITIES, MY BUDGET AND REVENUE PACKAGES -- ALL HAVE BEEN FORMULATED BASED ON MY PERSPECTIVE. THAT PERSPECTIVE IS DRAWN BOTH FROM WHO I AM, AND FROM WHERE I SIT. IT IS DRAWN FROM 25 YEARS OF PUBLIC SERVICE TO THE STATE OF OREGON -- AND FOUR YEARS AS GOVERNOR.

IN ALL OF MY EXPERIENCE, I HAVE LEARNED THAT THE BEST DECISIONS ARE MADE WITH THE BEST INFORMATION; AND THE BEST INFORMATION IS GAINED BY ASKING THE RIGHT QUESTIONS. AMONG THE MOST BASIC OF THE QUESTIONS WE NEED ALWAYS ASK IS: WHY ARE WE HERE? WHAT ARE WE HERE TO DO? WHERE DO WE WISH TO GO?

AS ELECTED OFFICIALS, ARE WE HERE ONLY TO HELP OREGON LIMP THROUGH TWO YEARS? ARE WE HERE TO RESPOND ONLY TO IMMEDIATE DILEMMAS? IS OUR ROLE TO SERVE OUR PAROCHIAL INTERESTS, [OR TO SERVE THE INTERESTS OF THE PEOPLE WE REPRESENT AND THE STATE WE LOVE?] THE ANSWER OF COURSE IS NO, BUT THAT TOO OFTEN HAS BEEN THE STATE OF EVENTS. NOW IS THE TIME TO STAND TALL -- TO USE FORESIGHT AND COURAGE.

I KNOW THAT, TO BE EFFECTIVE, WE MUST ALWAYS KEEP OUR OWN VISION OF OREGON BEFORE US. WE MUST LOOK BEYOND THE BURDENS OF TODAY TO THE HOPES OF TOMORROW. SURRENDERING TO THE BURDENS -- PUTTING OUT BRUSHFIRES WITHOUT A LONG RANGE VIEW -- WILL DO NOTHING FOR OUR STATE, NOTHING FOR OUR PEOPLE, AND NOTHING FOR THE FUTURE.

FOR TODAY, WE ARE UNDERGOING A TIME OF DIFFICULTY AND RETRENCHMENT. BUT I BELIEVE -- I KNOW -- THERE ARE BETTER TIMES AHEAD OF US. WE WILL MEET THE CHALLENGES. WE LOOK FORWARD TO THEM. THE INDICATORS FOR OREGON ARE GOOD. WE ARE READY FOR RECOVERY. WE WILL BE HERE TO SEE THAT RECOVERY. AND WE WILL EMERGE FROM THIS RECESSION WITH A STRONGER, LEANER, BETTER-MANAGED STATE THAN EVER BEFORE.

THIS "STATE OF THE STATE" CANNOT END WITHOUT ADDRESSING THE "STATE OF THE PEOPLE" OF OREGON. THE PEOPLE HAVE GONE THROUGH HELL THESE PAST THREE YEARS; HOWEVER, THROUGH THIS TIME HAS EMERGED THE CLEAREST PICTURE OF WHO WE ARE SINCE OUR PIONEER DAYS. YES, WE HAVE BICKERED AND ANGRILY DISAGREED BUT THIS HAS BEEN BECAUSE OF OUR ANGUISH. WE HAVE FELT HURT AND OFTIMES INDISCRIMINATELY LOOKED FOR THE VILLIAN THAT BROUGHT THIS ALL UPON US. THESE EMOTIONS, HOWEVER, JUST PROVE WE ARE HUMANS WITH NATURAL HUMAN REACTIONS.

LOOKING BEYOND ALL THIS TO OUR HEARTS WE CAN OBSERVE AN INCREDIBLY BEAUTIFUL PICTURE DEVELOP. VOLUNTARISM HAS NEVER BEEN MORE SPONTANEOUS -- THE REACHING OUT FOR ONE ANOTHER OF WHICH I SPOKE IN MY FIRST INAUGURAL ADDRESS. WE HAVE HUNG TOUGH, SEARCHED FOR WAYS TO HELP OURSELVES; AND, INSTEAD OF WHINING, ALWAYS SEARCHED FOR THE TRUE ANSWER. NEVER HAVE WE SHONE MORE BRIGHTLY THAN ON ELECTION DAY LAST NOVEMBER. WE ROSE ABOVE OUR ANGER AND SELF-INTEREST AND DEFEATED BALLOT MEASURE 3 AND 6.

THAT IS WHY I SAY OUR FUTURE LOOKS BRIGHT, BECAUSE THE PEOPLE AND THEIR GOVERNMENT ARE WORKING TOGETHER IN GOOD FAITH AND MUTUAL RESPECT.

AND THAT IS WHY I HAVE SAID MANY TIMES: IT IS A UNIQUE HONOR TO BE A GOVERNOR, BUT IT HAS ALWAYS BEEN A SOURCE OF SPECIAL PRIDE TO SAY THAT I AM GOVERNOR OF OREGON!