

SPEECH BY GOVERNOR VIC ATIYEH
ORBANCO POLITICAL ACTION COMMITTEE
GREENWOOD INN, BEAVERTON
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PREPARED TEXT

WITH ALL THE FUSSING AND FUMING GOING ON AT THE LEGISLATURE, MANY OREGONIANS MAY NOT REMEMBER THAT THE BUDGET I PROPOSED IN DECEMBER WAS THE CULMINATION OF BOTH A PHILOSOPHY AND A PROCESS.

THE PROCESS IS LAID OUT BY CONSTITUTION, STATUTE, AND GOVERNMENTAL PRACTICE. THE PHILOSOPHY IS WHAT I BROUGHT, AS GOVERNOR, TO BEAR ON THAT PROCESS.

AS THIS LEGISLATIVE SESSION UNFOLDS, HOWEVER, I AM BEGINNING TO SEE A MUCH DIFFERENT PROCESS. INSTEAD OF AN OVERALL PROSPECTIVE -- A SENSE OF WHERE WE ARE AS A STATE AND WHERE WE WANT TO GO -- I AM SEEING A FRAGMENTED, ATOMIZED APPROACH TO THE BUDGET, SERVICES, AND FUNCTIONS OF STATE GOVERNMENT. WHEN BROAD-BRUSH PRONOUNCEMENTS ARE MADE BY LEGISLATIVE LEADERS, I SEE NO SPECIFICS. WHEN SMALL-SCALE PROGRAMS ARE REVIEWED I SEE ENDLESS BICKERING OVER TINY DETAILS.

IN SHORT, I SEE A LEGISLATURE THAT IS RUDDERLESS, PREOCCUPIED WITH MINUTIA, AND LACKING IN ANY CLEAR SENSE OF PURPOSE OR DIRECTION FOR THE STATE OF OREGON IN THE NEXT CRITICAL TWO YEARS.

THE NEWSPAPERS AND MEDIA, I AM SORRY TO SAY, TEND TO REINFORCE THIS ATOMIZED, FRAGMENTED APPROACH. ALMOST NOWHERE IN THE MEDIA THESE DAYS IS IT POSSIBLE TO READ OR HEAR A "BIG PICTURE" VIEW OF STATE GOVERNMENT, THE BUDGET PROCESS, THE OVERALL TAX PICTURE, AND THE DIRECTION IN WHICH OUR STATE IS HEADING.

TODAY, I WANT TO REVIEW FOR YOU THE VERY DIFFERENT APPROACH I BROUGHT TO THE BIENNIAL BUDGET OF THE STATE OF OREGON WHEN THAT BUDGET WAS FIRST FORMULATED. IT IS AN APPROACH THAT DIFFERS MARKEDLY FROM THE APPROACH THE LEGISLATURE IS NOW TAKING, AS PRONOUNCED BOTH BY INDIVIDUAL LEGISLATORS AND BY THE PRESS.

I BELIEVE THAT IT IS VITALLY IMPORTANT FOR YOU AND EVERY OREGONIAN TO BE AWARE OF THE RECOMMENDATIONS I HAVE MADE, THE REASONS FOR THEM, AND THE PROCESS THROUGH WHICH THEY WERE DETERMINED.

BUDGET PROCESS

THE PROCESS BEGAN LAST JULY. ON MY INSTRUCTIONS, EVERY STATE AGENCY WAS ASKED TO FORMULATE THEIR BUDGET BASED ON THE REDUCED SPENDING LEVELS AUTHORIZED AT THE CLOSE OF LAST JANUARY'S SPECIAL SESSION. WE ALLOWED THEM TO ADJUST THAT BASE LEVEL FOR INFLATION.

THEN -- AGAIN UNDER OUR INSTRUCTIONS -- THE BUDGET ANALYSTS OF THE STATE EXECUTIVE DEPARTMENT WENT OVER THOSE BUDGETS AND CUT THOSE REQUESTS BACK SUBSTANTIALLY TO ACCORD WITH ANTICIPATED STATE INCOME OVER THE COMING BIENNIUM.

THAT IS EXACTLY WHERE WE STOOD WHEN I PERSONALLY ENTERED THE BUDGET PROCESS ON NOVEMBER 4TH.

I WENT INTO THAT PROCESS WITH A SPECIFIC PHILOSOPHY UPPERMOST IN MIND. MANY OF YOU KNOW THAT PHILOSOPHY. OREGONIANS HAVE SEEN IT AT WORK IN STATE BUDGET MATTERS SINCE 1979.

IT IS A PHILOSOPHY THAT SAYS WE MUST SEPARATE THE ESSENTIAL FROM THE MERELY DESIRABLE. WE NEED TO ASK AGAIN AND AGAIN: "IS THIS SOMETHING GOVERNMENT SHOULD DO?"

WE MUST PROVIDE A MINIMUM LEVEL OF ESSENTIAL STATE SERVICES. WE MUST GET MAXIMUM MILEAGE FROM SCARCE TAX DOLLARS. WE MUST LIMIT THE GROWTH OF PROPERTY TAXES. AND WE MUST TRY TO AVOID TEMPORARY MEASURES -- AND SEEK A BROADER LASTING REFORM OF OUR TAX SYSTEM.

I APPLIED THAT PHILOSOPHY TO EVERY BUDGET DECISION WE MADE. IN EVERY PIECE, EVERY SECTION, EVERY PROGRAM OF STATE GOVERNMENT; WE TOOK A LONG HARD LOOK AT THE CRITICAL NEEDS OF OUR STATE. AND WE TOOK AN EQUALLY HARD LOOK AT THE IMPACT OF FURTHER BUDGET CUTS.

WHEN THAT PROCESS WAS COMPLETE -- THEN AND ONLY THEN -- DID I TURN AGAIN TO THE REVENUE SIDE. IT SHOWED ANTICIPATED GENERAL FUND REVENUES OF APPROXIMATELY \$2.8 BILLION OVER THE BIENNIUM, MATCHED AGAINST CRITICAL MINIMUM NEEDS OF APPROXIMATELY \$3.3 BILLION.

THIS WAS MY RESPONSE:

● I SAID THAT THE CRITICAL MINIMUM NEEDS OF OREGON MUST BE MET.

● I SAID THAT THE MINIMUM REQUIREMENTS FOR A SOUND OREGON FUTURE COULD BE MET THROUGH A CAREFULLY BALANCED PACKAGE OF TAX LIMITATIONS, TAX REDUCTIONS, AND TAX INCREASES DESIGNED TO BROADEN OUR TAX BASE FAIRLY AND EQUITABLY, AND...

● I SAID THAT TO DO LESS WOULD BE GROSSLY IRRESPONSIBLE TO THE PEOPLE OF THIS STATE.

THE BUDGET I HAVE PRESENTED TO THE OREGON LEGISLATURE REFLECTS, IN ALL OF ITS PARTS, THAT PHILOSOPHY. IT IS A BUDGET THAT IS A COLLECTION OF ELEMENTS, SMALL AND LARGE. EACH ELEMENT HAS BEEN ANALYZED FOR THE EFFECTIVENESS AND THE WORTH OF WHAT IT DOES. THESE ELEMENTS INCLUDE THE SMALL, SUCH AS THE PEST AND DISEASE CONTROL PROGRAM FOR OREGON TIMBER -- A \$190,000 INVESTMENT IN THE FUTURE OF OUR MOST ESSENTIAL ECONOMIC RESOURCE. AND THESE ELEMENTS INCLUDE THE LARGE, SUCH AS \$20 MILLION FOR PRISON SPACE DESPERATELY NEEDED IN OUR OVERLOADED PRISON SYSTEM.

THE GREAT MAJORITY OF STATE AGENCIES AND PROGRAMS HAVE BEEN HELD TO THEIR REDUCED BUDGETS OF THE CURRENT BIENNIUM. SIGNIFICANT RESTORATIONS HAVE BEEN MADE AND FORWARD MOMENTUM RESTORED IN ONLY A VERY FEW CRITICAL AREAS: HIGHER EDUCATION, PUBLIC SAFETY, AND ECONOMIC DEVELOPMENT.

THE FORWARD MOMENTUM WE SEEK TO RESTORE IN EACH OF THESE AREAS IS CRITICAL BUT CAUTIOUS. IN NO INSTANCE DID ANY AGENCY "GET EVERYTHING IT ASKED FOR." WE STRENGTHENED OR ENHANCED BUDGETS IN A LIMITED NUMBER OF AREAS ONLY BECAUSE IT WAS ABSOLUTELY ESSENTIAL FOR OREGON.

AND OUR VERY LIMITED INCREASE IN A VERY LIMITED NUMBER OF AREAS IS ESSENTIAL:

- IT IS ESSENTIAL THAT THE PUBLIC SAFETY OF THE PEOPLE OF THIS STATE BE PRESERVED. THAT MEANS MORE PRISON SPACE, MORE HELP FOR OUR PROSECUTORS, AND MORE ASSISTANCE FOR OUR STATE POLICE.

- IT IS ESSENTIAL FOR THE FUTURE OF OUR STATE THAT OUR ONGOING EFFORTS IN ECONOMIC DEVELOPMENT BE CONTINUED AND STRENGTHENED. THE ECONOMIC DEVELOPMENT PROGRAM I WON FROM A SPECIAL SESSION OF THE LEGISLATURE LAST YEAR, WITH YOUR SUPPORT, IS WORKING. WE MUST STRENGTHEN OUR CONTINUING EFFORTS -- IN EVERY WAY -- TO BRING ECONOMIC DIVERSIFICATION AND JOBS TO OUR VERY TROUBLED ECONOMY.

● IT IS ESSENTIAL FOR OUR ECONOMY, OUR YOUNG PEOPLE, AND THE FUTURE OF OUR QUALITY OF LIFE THAT THE EXCELLENCE OF OUR SYSTEM OF HIGHER EDUCATION BE RESTORED. AT THIS MOMENT OREGON IS DEAD LAST AMONG ALL 50 STATES IN ITS SUPPORT FOR PUBLIC HIGHER EDUCATION. YET WE SIMULTANEOUSLY CHARGE AVERAGE TUITION RATES THAT ARE AMONG THE HIGHEST OF PUBLIC INSTITUTIONS IN THE WEST. WE MUST FREEZE TUITION, BOLSTER HIGHER ED'S ROLE IN ATTRACTING INDUSTRY AND JOBS, RESTORE SALARIES, UPGRADE LIBRARIES, AND REPAIR ONCE-PROUD BUILDINGS THAT ARE IN SHAMEFUL DISREPAIR.

MY BUDGET RECOMMENDATIONS, ULTIMATELY, ASK ONLY THAT WE ATTEND TO OUR MOST CRITICAL NEEDS. TAKEN AS A WHOLE, THE BUDGET I HAVE SUBMITTED REQUIRES THE GREAT MAJORITY OF STATE AGENCIES TO CONTINUE TO DO THE BEST JOB THEY CAN AT PRESENT REDUCED FUNDING LEVELS. AND THOSE AGENCIES HAVE BEEN DOING THE JOB -- A TREMENDOUS JOB. WE HAVE THE BEST-MANAGED, MOST EFFECTIVE STATE GOVERNMENT IN THE NATION.

MY BUDGET WILL ALLOW THAT EFFECTIVENESS TO BE MAINTAINED WITHIN TIGHTLY-DRAWN LIMITS. IN ADDITION, I AM INTRODUCING INDIVIDUAL LEGISLATIVE PACKAGES TO MOVE OREGON FORWARD IN THE VITAL AREAS OF PUBLIC SAFETY, ECONOMIC DEVELOPMENT, AND LAND USE -- WHILE PROVIDING HELP FOR CRITICAL INDUSTRIES SUCH AS TIMBER AND FISH.

REVENUE PACKAGE

MY REVENUE PACKAGE HAS BEEN CONSTRUCTED WITH CAUTION, SENSITIVITY, AND CARE. IT SUPPORTS ONLY THE HOLD-THE-LINE BUDGET WITH MINIMAL CRITICAL ADDITIONS I HAVE DESCRIBED.

CONSIDERABLE ATTENTION HAS ALREADY BEEN FOCUSED ON THE WORDS "NET RECEIPTS TAX." BUT FAR LESS ATTENTION SEEMS TO HAVE BEEN FOCUSED ON THE CONTEXT OF THAT PROPOSAL.

THE NET RECEIPTS TAX PROPOSAL HAS BEEN PLANNED VERY CAREFULLY AS PART OF A TAX BUDGET WHICH FEATURES TAX REDUCTIONS IN MANY OTHER AREAS, AND THE ELIMINATION OF MOST OF THE TEMPORARY TAX MEASURES OF THE CURRENT BIENNIUM.

WE WILL EASE THE TAX BURDEN BY:

- REDUCING THE PERSONAL INCOME TAX RATE SCHEDULE. THE LARGEST REDUCTIONS ARE PROPOSED FOR THE LOWEST INCOME GROUPS, BUT THE TAX RATE IN EVERY PERSONAL INCOME TAX BRACKET -- LOWEST TO HIGHEST -- WILL BE AT LEAST PARTIALLY REDUCED.

WE WILL ALSO EASE THAT TAX BURDEN BY:

- ALLOWING THE 1982 INCOME TAX SURCHARGE TO EXPIRE;

- RECONNECTING TO THE FEDERAL TAX CODE;
- RESUMING INDEXING OF PERSONAL INCOME TAX EXEMPTIONS;
- DROPPING THE MOST RECENT CIGARETTE TAX INCREASES FROM 7¢ TO 3¢;
- SUBSTITUTING A TAX CREDIT FOR THE PERSONAL EXEMPTION;
- LIMITING PROPERTY TAXES; AND
- EXPANDING THE RELIEF PROGRAM PROVIDED BY HARRP, WHILE ESTABLISHING AN INCOME LID FOR THAT PROGRAM.

THESE RECOMMENDATIONS ARE INTERWOVEN AND INTERDEPENDENT. THEY ARE PART OF A TOTAL PACKAGE OF LIMITATION AND REFORM.

IF THE LEGISLATURE THINKS ONLY OF THIS BIENNIUM, IF WE BALANCE OUR BUDGET BY LIMPING THROUGH ANOTHER TWO YEARS WITH HALF-MEASURES AND TEMPORARY SOLUTIONS, THEN OUR INACTION COULD DO SERIOUS DAMAGE TO OUR STATE IN DECADES TO COME.

NO BETTER EXAMPLE CAN BE FOUND OF THE KIND OF DAMAGE I AM TALKING ABOUT THAN THE EXAMPLE OF OUR NEED FOR MORE PRISON SPACE.

PRISON SPACE

IF YOU HAVE BEEN FOLLOWING THIS ISSUE, YOU MAY HAVE NOTICED THAT THE NEED FOR MORE PRISON SPACE HAS BEEN MUCH IN THE NEWS -- BOTH RECENTLY AND FOR THE LAST SEVERAL YEARS. YOU MAY REMEMBER THE CONTROVERSY SURROUNDING THE DECISION OF A FEDERAL JUDGE THAT OREGON'S PRISON SYSTEM WAS UNCONSTITUTIONALLY OVERCROWDED BECAUSE OF DOUBLE-BUNKING IN PRISON CELLS -- A DECISION LATER CORRECTLY OVERTURNED AFTER TIME-CONSUMING AND EXPENSIVE LITIGATION. WE ALL HAVE TAKEN NOTE OF THE TWO PRISON BOND MEASURES SUBMITTED FOR A VOTE OF THE PEOPLE IN 1980 AND 1982 -- BOTH OF WHICH WENT DOWN TO DEFEAT.

ALL OF THESE FACTORS ARE BUT SYMPTOMS -- SYMPTOMS OF A PROBLEM THAT WILL NOT AND HAS NOT GONE AWAY -- SYMPTOMS OF A PROBLEM THAT HAS, IN FACT, GROWN EVER MORE WORSE AND IS NOW RAPIDLY APPROACHING A CRISIS POINT.

CONSIDER THESE FACTS:

- OVER A PERIOD OF 20 YEARS, OREGON'S POPULATION HAS GROWN BY OVER A MILLION PERSONS; THE CRIME RATE HAS SPIRALED, BUT NO MAJOR ADULT PRISON HAS BEEN BUILT.
- FELONY ARRESTS OVER TWO DECADES HAVE GROWN FROM A RATE OF 4,000 PER YEAR IN 1960 TO ALMOST 40,000 IN 1982.

● AT THE SAME TIME, PRISON BED CAPACITY HAS RISEN FROM 1,713 TO ONLY 2,444 -- AN INCREASE OF BARELY MORE THAN 700 BEDS.

● THE LEGISLATURE IN THE MEANTIME -- BOWING TO PUBLIC PRESSURE -- HAS GREATLY INCREASED THE NUMBER OF FELONY CRIMES IN OREGON; WHILE JUDGES THROUGHOUT THE STATE ARE ISSUING AND EXTENDING SENTENCES BY 50% OR MORE.

● PRISON POPULATION TODAY IS ALMOST 1,000 INMATES BEYOND DESIGN CAPACITY.

● VIOLENCE -- COSTLY, DESTRUCTIVE, AND DANGEROUS -- IS AN EVER-INCREASING POSSIBILITY AS CONVICTS ARE JAMMED TOGETHER AND THE RATIO OF PRISONERS TO CUSTODIAL PERSONNEL RISES.

● 75% OF THOSE INDIVIDUALS CONVICTED OF CRIMES AGAINST PERSONS (SUCH AS ASSAULT, HOMICIDE, MURDER, KIDNAPPING, RAPE, ABUSE, ROBBERY, AND SODOMY) ARE BEING PLACED INSIDE PRISON WALLS.

● AS A CONSEQUENCE, THE PROPORTION OF VIOLENT OFFENDERS WITHIN THE PRISON POPULATION HAS GROWN DRAMATICALLY -- IT HAS BECOME INCREASINGLY DIFFICULT TO IDENTIFY ELIGIBLE INMATES FOR PAROLE OR ASSIGNMENT TO MINIMUM SECURITY FACILITIES.

YET, WE STILL HAVE BUILT NO MAJOR NEW PRISON FACILITY IN 20 YEARS.

IT IS NOT AS IF NOTHING HAS BEEN DONE. IN RECENT YEARS WE HAVE TAKEN EVERY STEP POSSIBLE TO ALLEVIATE THIS SITUATION:

- COURTS HAVE BEEN USING PROBATION AS THE FIRST DISPOSITION OF 80% OF ALL FELONY CONVICTIONS -- RESULTING IN A 160% INCREASE IN PROBATIONERS SINCE 1975.
- THE MATRIX USED BY THE PAROLE BOARD IN DETERMINING INMATE RELEASE DATES HAS BEEN REVISED THREE TIMES TO TRY TO RECONCILE THE NEED TO RELIEVE OVERCROWDING WITH THE NEED TO MAKE CERTAIN THAT VIOLENT OFFENDERS ARE KEPT WITHIN WALLS.
- ALL AVAILABLE EXPEDIENTS HAVE BEEN PUT TO USE, INCLUDING DOUBLE-BUNKING IN CELLS, EARLY PAROLE, AND REMODELING COMMON USE SPACE (SUCH AS DAY ROOMS AND WORK AREAS) TO PROVIDE MORE BEDSPACE.
- WE HAVE EXPANDED AS FAR AS POSSIBLE OUR NON-RESIDENTIAL WORK-RELEASE PROGRAM, AND OUR MINIMUM SECURITY FACILITIES AT THE FARM ANNEX, THE TILLAMOOK FOREST CAMP, AND THE RELEASE CENTER IN SALEM.

● WE HAVE INAUGURATED MAJOR PROGRAMS THAT EMPHASIZE REHABILITATION IN THE COMMUNITY, PROMOTED THROUGH OUR JUVENILE SERVICES COMMISSION AND OUR COMMUNITY CORRECTIONS PROGRAM.

BUT THE FACT OF THE MATTER IS: WE ARE NOW AT THE END OF OUR TETHER. DURING THE CALENDAR YEAR 1982, OREGON'S PRISON POPULATION GREW BY 17%, THE SECOND HIGHEST RATE OF INCREASE IN THE NATION. OUR STATE CORRECTIONAL SERVICES ARE BEING OVERWHELMED BY SHEER NUMBERS.

AT BEST, IN RECENT YEARS WE HAVE BARELY BEEN ABLE TO KEEP ABREAST OF THE RATE OF INCREASE IN OUR PRISON POPULATION. VIRTUALLY EVERYTHING THAT CAN BE DONE TO STRETCH OUR RESOURCES SHORT OF BUILDING A NEW FACILITY HAS BEEN DONE. WE ARE FAST APPROACHING A CRISIS POINT.

YET, DESPITE ALL THIS ... DESPITE IRREFUTABLE EVIDENCE CONFIRMING OUR DESPERATE NEED FOR MORE BEDSPACE ... SOME LEGISLATORS HAVE IDENTIFIED THE \$20 MILLION I HAVE REQUESTED FOR PRISONS AND MY ANTI-CRIME PROGRAM AS "EASY MONEY TO CUT."

I SAY, EASY FOR WHOM?

● CERTAINLY NOT FOR OUR LAW ENFORCEMENT AND JUDICIAL SYSTEMS WHICH ARE RAPIDLY BEING HAMSTRUNG BY AN ESCALATING CRIME RATE AND A SHORTAGE OF CHOICES WITHIN THE SYSTEM TO DEAL WITH CONVICTED CRIMINALS.

● CERTAINLY NOT FOR OUR CORRECTIONS SYSTEM, WHERE STAFF REDUCTIONS AND INCREASES IN VIOLENT INMATE POPULATIONS HAVE RAISED THE RATIO OF PRISONERS TO CUSTODIAL PERSONNEL AND RAISED THE POTENTIAL FOR VIOLENCE TO UNPRECEDENTED LEVELS.

● AND CERTAINLY NOT FOR THE CITIZENS OF OREGON.

THE PRISON SPACE ISSUE IS ONE ISSUE OF MANY -- ISSUES DEALT WITH DIRECTLY IN MY BUDGET... AND ISSUES I WILL NOT ALLOW THE LEGISLATURE TO IGNORE OR FORGET.

MOST OF YOU KNOW MY PHILOSOPHY. YOU KNOW MY DEDICATION TO LEAN GOVERNMENT, GOOD MANAGEMENT, AND ESSENTIAL SERVICES AT LEAST COST. AND I AM CERTAIN THAT YOU SHARE WITH ME A FIRM DEDICATION TO THE VALUES AND QUALITIES THAT MAKE OREGON WHAT IT IS: A STATE UNIQUE IN THE NATION AND THE WORLD, AND A STATE TO WHICH WE PLEDGE OUR BEST SKILLS, OUR HIGHEST HONOR, AND OUR FIRMEST SPIRIT OF BALANCE AND DETERMINATION.

IT IS IN THAT SPIRIT THAT I PREPARED MY BUDGET FOR THIS STATE. IT IS A ROADMAP FOR TWO CRITICAL YEARS. THE ROAD IT DESCRIBES WILL LEAD TO A BETTER FUTURE FOR OUR STATE.

IT IS A GOOD PLAN. IT WILL WORK FOR OREGON. AND I ASK FOR YOUR UNDERSTANDING AND SUPPORT TO SEE IT PUT INTO ACTION AT THE EARLIEST POSSIBLE DATE.

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