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Summary

Earlier this year Washington Gov. Gary Locke (D) faced a \$2 billion budget shortfall. By using a “Priorities of Government” model, a bi-partisan Washington budget was adopted and balanced without general tax increases. Oregon lawmakers should adopt a similar model, whether or not voters repeal Salem’s recent \$1.1 billion tax increase.

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“What are the state’s top priorities and how can we best provide them with the money available? This process enabled a bi-partisan Washington budget to be adopted and balanced without general tax increases.”

An ounce of budget reform leadership

by Jason Mercier

Next February, Oregonians will likely have the opportunity to repeal the legislature’s recent \$1.1 billion tax increase. With that prospect looming, it would be best to prepare for voters repealing the increase, rather than waiting until the dust actually settles. An ounce of budget reform leadership is worth more than a pound of chaos.

As one example of what could be done now, let’s look at how Washington Governor Gary Locke (D) resolved a \$2 billion budget shortfall earlier this year. Locke realized that tax increases were politically unacceptable and sought a different approach. He decided to frame the issue around an innovative “Priorities of Government” budget model. While not a new idea, it is a revolutionary one that says simply: Budgeting should be focused on achieving clearly-defined results, not on maintaining the status quo by blindly adjusting spending to include inflation and caseload increases.

To accomplish this, Governor Locke and his budget team identified ten goals for government and asked agencies to submit their budget requests based on how effectively each of their programs would accomplish one of those goals. In other words, they started by answering the question: What are the state’s top priorities and how can we best provide them with the money available? This process enabled a bi-partisan Washington budget to be adopted and balanced without general tax increases.

Governor Kulongoski and legislators already have the tools available to craft a similar priority-based budget in Oregon that will resolve the state’s fiscal problems. The question is, will lawmakers decide to use these tools or continue to ignore them?

The real problem with Oregon’s budget is that it is not tied to the state’s benchmarks or performance measures. Even Governor Kulongoski’s priorities for the state are not clearly articulated in the budget.

Consider the Oregon Progress Board’s criticism of the governor’s number one priority, which reads in its entirety “Children”: “There is no official, single ar-

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tication of priorities within Oregon state government for child well being. Child well being, generally, is a priority for Governor Kulongoski. A specific set of priorities within the child well being topic has not been articulated by his Administration.”

This is a problem, however it can be addressed—not only for “Children,” but for all the state’s programs. Doing so would allow Oregon to adopt a responsible, balanced budget that is not dependent on tax increases.

For meaningful reform, Oregon legislators need to determine the state’s core functions and use the existing budget tools to filter out unnecessary programs. They should also take existing agency mission statements and agency goals, objectives and evaluation measures, and tie them directly to the state budget.

In 1993 Cascade Policy Institute published the report *Seven Principles of State Budget Reform*. The déjà vu Executive Summary begins, “Why is there another fiscal crisis in Oregon? In a state budget dominated by discussions of specific programs, there is little discussion of broad principles for responding to Oregon’s budget squeeze.” The principles outlined in this report could serve as a starting point for identifying Oregon state government’s core functions.

Why is determining core functions so important to solving the state’s budget problem?

Quite simply, core functions define the role of government. Without understanding and defining the priorities of government, expenditures can’t be justified. It doesn’t matter if the state is efficient in delivering a particular service if government shouldn’t be providing the service in the first place.

Though agencies may fight such a review, it must be done for the health of Oregon’s economy, let alone the state budget. Only by carefully considering the proper role of government can state officials do a good job protecting individual rights while providing essential services to taxpayers in an efficient, cost-effective manner. Regardless of what agencies may say during this review, this is not an “anti-government” philosophy; rather it is ensuring that what government is supposed to do, it will do well.

By engaging in real and meaningful budget reform, lawmakers will finally be able to prove to Oregonians that their government is truly accountable and is demonstrating measurable results. Oregonians deserve nothing less.

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