



CASCADE POLICY INSTITUTE

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## Summary

Oregon families are making tough budget decisions; legislators should do the same. Instead, they're taking the easy way out by imposing a \$1 billion tax package to balance the state budget, but citizens shouldn't let them. The legislature has tools available that would protect Oregon's quality of life without higher taxes.

**Word count: 720**

***“If a state worker mows the grass in front of a state building, we should find out if a local landscaping company can provide the service at a lower cost.”***

## Keep Oregon's quality of life, without new taxes

*By Geoffrey F. Segal*

It's too bad the average Oregon family can't operate like state legislators do in Salem. Imagine having a checkbook with virtually no limits. Anything and everything you dream of is within reach. If you're running short of money you just issue yourself more.

Imagine Christmas shopping in this context, where the only limit is your imagination. Never having to make a tough decision, always buying whatever gifts you think your friends and relatives might enjoy. That's what Oregon's legislators have been doing for years—spending and taxing more.

Unfortunately, this is a pipedream for most families. If they overspend, they face economic realities that governments often overlook for decades. Most families must find ways to stretch the dollar, do more or the same for less, reduce spending, cut secondary or unimportant spending, or even in some cases go without. In other words, they make sacrifices and make tough decisions.

Faced with a budget shortfall this past spring (that had more to do with overspending than with declining revenues), Oregon's leaders passed an unprecedented new \$1 billion tax package. It's time that we asked our governments to operate like we do. They should be bound by the same principles that Oregon families live by. When a family comes to the painful realization that its spending and income are out of whack, we don't get to print more money. When faced with tough decisions legislators took the easy way out—they raised taxes. We shouldn't let them.

A fiscally sound budget proposal must protect Oregon's high quality of life priorities without imposing taxes that undermine the state's vulnerable economy. There are three tools the state can use to make this happen, but it won't be easy.

First, the state needs to focus on performance and get itself back to core functions. Performance-based reforms should be enacted where agency structure and alignment are focused on delivering high quality services. Millions can be saved by eliminating duplicative services and consolidating work such as infor-

mation technology, facility maintenance, purchasing, personnel management, financial management and administrative support services into a single office serving all state programs.

Second, the state should establish an ongoing assessment of all state programs. Long thought of as a leader in performance measurement, it is time that Oregon established a formal commission to look at how the government operates and make suggestions on how to make it better. Texas has perhaps the most robust model for Oregon to tap. Each year the 10-member Sunset Advisory Commission issues a report on each agency with a recommendation to abolish or continue the agency, holds public hearings on its findings, and sets a date on which an agency will be eliminated unless legislation is passed to continue its functions. As a result, 44 agencies have been abolished and another 11 have been consolidated. At last estimate, the Texas Performance Review has saved the state over \$2.4 billion.

Third, public services should be subject to constant competition between government providers, nonprofits, and private businesses. Recently, for example, Oregon Health & Science University (OHSU) put out for bid its billing and collection functions. The winning bid came from the union employees already doing the work. OHSU chief financial officer Aaron Crane said, “Ultimately, our costs will be 15 to 20 percent cheaper long term than they are today.” Don Loving, public affairs director for the public employee union that represents the workers noted, “There is going to be increased accountability and established benchmarks, and if people don’t attain those, they will be looking for other work.”

Such potential opportunities abound. If a state worker mows the grass in front of a state building, we should find out if a local landscaping company can provide the service at a lower cost.

Every time a family goes to the grocery store we see how competition improves quality and reduces costs — we call it shopping around. Research shows that a state can save on average 30 percent by shopping around. Even when public employees win these competitions, as they often do, taxpayers still save.

These are just three tools that can balance the budget without raising taxes or gutting quality of life. To do so, government will have to act more like a family. Focus on what’s important, find ways to do more with less, and generally tighten its belt.

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