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**Oregon's 2013–15 Budget:
Pulling Out of the Recession, Winners and Losers**

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Introduction and Overview of the Session

While Oregon in 2013 generally followed the incremental budget evolution predicted by political scientists dating back to the early days of Charles Lindblom and Aaron Wildavsky et al., the accumulated impact of the tax limitations of the 1990s and the elasticity of income tax revenues has restructured the budget in ways that ensure continuing battles between the state's highly visible progressive policies and its actual practice of underfunding innovative programs (Lindblom 1959; Davis, Dempster, and Wildavsky 1966). There are some indications that the repeated trimming and cost-shifting that characterize Oregon's budget in recent decades may lead to political demands for more fundamental change, although economic recovery may allow the issues to be papered over for the time being.

The general news from Oregon in 2013 depicted relatively standard budgetary responses to a slowly growing economy. For the second time in Oregon history, a voter-mandated annual session of the legislature met beginning February 3 and concluded on March 7, a 33-day session. Historically, Oregon legislatures have had to convene special sessions in off years of the former bi-yearly process, primarily to address revenue shortfalls, including five special sessions in 2002. In 2010 voters approved a referral by the legislature establishing a regular shorter interim session for even years to address budget issues. The even-year sessions are supposed to last no more than 35 days, while the primary creation and adoption of the biennial budget takes place in the longer January to June sessions of odd-numbered years.

The 2014 session faced several major items, including whether to replace the aging Interstate 5 bridge between Portland and Vancouver, Washington, and the bonding of a new cancer research institute at Oregon Health Sciences University (OHSU) for \$200 million. The good news was that the state had \$14.8 million in new revenues to spend. The bad news was that Oregon's bizarre "kicker" rule that sends unanticipated new revenues back to taxpayers and corporations may be triggered.

The economic picture in the state reflected a modest recovery and job growth leading to an increase in income taxes, but other revenue sources such as cigarette taxes, estate taxes, and the Oregon Lottery were less than anticipated. Property tax revenues increased due to a recovering housing market leading to an additional \$98 million for local school districts. However, much of these new property tax revenues were from the Portland metropolitan area. A new television tax

was passed that is projected to increase state revenues by \$900,000 a year. Large-scale broadcasters (e.g., ABC, Fox, Netflix) will be taxed on their in-state sales and not on the size of their audience.

In terms of expenditures, lawmakers faced unexpected and increased expenditures for social services, prisons, and firefighting. The single largest budget request was the \$200 million for OHSU's proposed new cancer research center. Nike founder Phil Knight offered OHSU \$500 million for the proposed center if the university could find matching funds, giving the school great leverage in the legislature. This led OHSU to what has been called "the big ask" (\$200 million), requesting the legislature to come up with part of the money. The legislature approved the request on the last day of the short session.

The passage of the funding for the OHSU expansion fits an interesting recent pattern by the Oregon legislature to give special consideration to the interests of one of the state's few truly large private concentrations of wealth, Nike and Phil Knight. The most dramatic example of this was the special session called by Governor Kitzhaber in 2012 to consider a single bill, one that empowered the governor to negotiate with the state's largest employers to guarantee state taxes would apply only to sales, property, and payroll within the state. Although this could have implications for a few other major corporations, such as Precision Castparts and Intel, the target was clearly Nike and was prompted by Kitzhaber's fear of losing one of Oregon's only two Fortune 500 corporate headquarters.

Critics of the legislation, such as Nicholas Caleb from Concordia University, said "This is a game-changing moment when a single company can create a special session and have everyone fall all over themselves to vote for it," but opponents never had a chance, and the bill passed 50–5 in the house; 22–6 in the senate. This was a truly bipartisan moment, and the perspectives of most legislators were captured in comments by Democratic Senator Ginny Burdick declaring, "We have a good, solid product here and a wonderful, wonderful company that's going to be staying in Oregon. You can almost say Nike and Oregon share DNA" (Esteve 2012).

In 2014, the most controversial item up for possible funding was the Columbia River Crossing project, which was a \$2.8 billion dollar effort to replace an aging bridge. According to the federal government, the 10-mile stretch of I-5 that includes the current bridge is the 35th most congested area in the United States (Columbia River Crossing 2013). The current bridge was built in 1917 and is the only drawbridge on an interstate highway in the United States. Washington and Oregon had been working with the federal government and affected local governments to replace the bridge.

Faced with Olympia's withdrawal, Governor Kitzhaber and other Oregon legislators, including House Speaker Tina Kotek, promoted an Oregon-led project. Oregon legislators lacked the stomach for a large commitment with no support from the north and the measure never reached a floor vote, despite the fact that almost \$190 million had been spent between all the partners.

Two other issues demonstrate the potential for budget creativity and the complication of election-year sessions. A proposal to transfer unclaimed money from class action suits to legal aid, providing significant resources to the typically underfunded program to help indigent litigants, was defeated under the opposition of business groups (Zheng 2014). A bill that would have made the investment division of the treasurer's office an independent agency never came to floor vote despite strong promotion by Treasurer Ted Wheeler as a way to increase state funds without additional taxes (Staver 2014).

While the 2014 session readjusted the 2013–15 biennial budget with new revenues, there is still a scenario that could wreak havoc—Oregon's "kicker" law. If tax revenues exceed the pre-

vious fall's revenue projections by two percent, all of the extra money must be rebated to taxpayers. As of mid-February, the state was only \$100 million from triggering the kicker, but state economist Mike McMullen estimates revenues will come in just below the threshold (Gaston 2014, A4). For those dependent on state General Funds, the March news regarding stronger than anticipated job growth can mean short-term cuts even as it promises a better future budget (Young 2014).

The Larger Budget Context

In recent decades, Oregon's public budget patterns reflect a balance between a tradition of progressive ideals and the powerful impact of conservative populist antitax policies. Although the pattern recalls the phrase "champagne tastes on a beer budget," the disconnect between progressive ideals and fiscal realities is more complicated. Oregon's revenue system is superficially progressive in that it relies on income taxes for 86 percent of state General Funds. Oregon's income taxes are designed raise tax rates as income increases, but this basically progressive design falls flat because the tax brackets are set relatively low and are not indexed for inflation.

Even though voters approved a temporary high bracket of 11 percent, in 2010, the highest bracket of 2014 was 9.9 percent applied to those with over \$125,000 taxable income with the second highest bracket of nine percent beginning at \$7,650 taxable income for a single person. The difference between the highest and second highest level is not much, and over 70 percent of tax filers fall into these two brackets. So the vast majority of working people pay either nine or 9.9 percent rates ("Characteristics of Filers" 2013, 20; 2013 Oregon Public Finance 2013).

A second budget shortcoming in Oregon's progressive vision is the inadequacy and uncertainty of funding for various progressive elements of the state budget. The state general fund is about 86 percent dependent on the highly elastic income tax. The general funds budget therefore experiences dramatic cuts in poor economic times, and the "two-percent kicker" law means increased revenues from sudden good times are frequently sent back to taxpayers. Without a general sales tax, the other major state-local revenue source is the more reliable property tax. In this area Oregon's fiscal conservative side has set tight limits through major property tax cut measures in 1990 (Measure 5), 1996 (Measure 47), and 1997 (Measure 50).

One of the most noteworthy effects of the property tax limits was the increased dependence of K-12 public school funding on the state General Fund, rising from about 30 percent in 1990 (and historically) to approximately two-thirds in the 2010s. As a portion of the state General Fund budget, K-12 school funding went from 25 percent of spending in 1989–1991 to 42 percent in 1999–2001. Among the elements squeezed by this shift was higher education, which slid from 14 percent of the state General Fund to 7 percent over the same period.

In recent decades, all significant efforts to reform Oregon's tax system have involved public votes. Accordingly, with the exception of Measures 66 and 67 in 2012, the popularity of fiscal conservatism in Oregon has driven budget changes in the past several decades.

The need to confront the dysfunctional revenue system may have had a chance for action in 2011 when there was a window of bipartisanship. The results of the November 2010 elections forced lawmakers to come together on issues that previously had been very partisan due to a 30–30 tie in the House (see Table 1). The senate Democrats had a slim majority of two members that hardly produced party strength in that chamber. Oregonians elected Democrat John Kitzhaber as governor, and he found little advantage from a partisan standpoint in pushing controversial issues.

Table 1. Political Makeup of the Oregon Legislature 2000–2010

Year	House of Representatives		Senate	
	<i>Democrats</i>	<i>Republicans</i>	<i>Democrats</i>	<i>Republicans</i>
2000	25	35	18	12
2002	27	33	15	15
2004	25	35	18	12
2006	31	29	18	11 +1*
2008	36	24	18	12
2010	30	30	16	14
2012	34	26	16	14
2014	34	26	16	14

*independent

As a result he, like the two chambers in the legislature, quickly realized that neither side had any political advantage, and if anything was to be accomplished there had to be cooperation.

This political dynamic made for an interesting session with many considering it fairly successful. However, after the 2012 election, the Democrats took back the house, winning 34 of the 60 seats. While the Democrats had the majority, there were honest attempts to work collaboratively with Republicans in the 2013 session with several major pieces of legislation passed including public pension reform. That collaborative spirit ended as the 2014 elections approached and many senators and house members were serving up ideologically based legislation to better position themselves for the May 20, 2014 primaries.

The 2014 short session was characterized as a highly partisan affair where majority Democrats in both the house and senate pursued issues of a highly contentious nature to Republicans including marijuana legalization, gun control, the Columbia River Crossing, and the huge implementation problems of Oregon’s dysfunctional health plan (“Cover Oregon”). Editorials described the session as follows: “When the dust settles, the session may become known more for partisan showdowns and political positioning than for substantial achievements” (Zheng 2014). An Associated Press editorial commented, “The five-week legislative session was notable for what did not happen. Controversial bills on guns, liquor, and marijuana got plenty of attention but never reached the house or senate floor” (Associated Press 2014).

Democrats often failed in their unilateral approach. Examples of failed partisan legislation included the Columbia River Crossing, universal background checks for gun purchases, legalization of recreational marijuana, diverting unclaimed class-action damages to legal aid instead of the defendant, and driver licenses for undocumented Oregonians. These are mostly hot button issues that inflame the state’s rural-urban divide (Clucas, Henkels, and Steel 2011). Democratic leaders tried to put a positive spin on the session however. House Speaker Tina Kotek said, “We delivered for Oregonians. We balanced the budget, we took steps to support workers and create jobs, and we made additional investments in education and other programs that matter most” (Redden 2014).

Governor Kitzhaber’s evaluation of the session was as follows: “I’d like to congratulate the Oregon State Legislature on a productive session. After several years of transformative legisla-

tive packages, this year the Legislature focused on implementation and refinement of that work” (Redden 2014). Senate Majority Leader Diane Rosenbaum (D-Portland) continued the positive spin: “Oregon Senate Democrats demonstrated again this session that we can get things done for everyday Oregonians. We delivered on Oregonians’ top priorities: We gave small businesses new tools to expand and create jobs, protected our historic reinvestment in Oregon schools, expanded access to job training and higher education, and took steps to make government more accountable and efficient” (Redden 2014).

Republican leaders, of course, had a much different evaluation of the 2014 session. For example, Senate Minority Leader Ted Ferrioli said: “Democrats, especially in the house, missed an opportunity to continue in the same path of bipartisan, consensus based policy making that made 2013 such a success for Oregon” (Redden 2014). He further complained, “Democrats spent much of the session attempting to garner support for divisive legislation such as gun regulations, major rewrites to Oregon’s class-action lawsuit statutes, marijuana legalization, and providing political cover for the Cover Oregon debacle” (Redden 2014).

Oregon’s Economy in 2013–14

Before the beginning of the 2014 short session Oregon lawmakers received some good news about job growth and increasing property tax revenues for local governments and K-12 schools. While Oregon’s unemployment rate is higher than the national average, it continues to improve. Table 2 demonstrates the strong improvement in employment going into the legislative session.

This scenario was far more positive than the situation in the two previous biennial budgets. Both the 2009–11 biennial budget and the 2011–13 budget were prepared when the state had high unemployment rates, 12.1 percent in 2009 and 10.1 percent in 2011. The 2009–2011 budget had to be adjusted four times in the years between 2009 and 2011, and the 2011–2013 needed to be corrected to make up for the predicted shortfall of \$340 million. Because these shifting rates of employment are so closely related to the major sources of revenue, lawmakers have found it almost impossible to provide budgets that would be balanced and adequate. In this atmosphere of budget shortfalls every surplus account in the state was game for balancing the budget along with new sources of revenue usually in the form of increased and new fees. In contrast, the 2013–2015 budget gave the legislature some much-appreciated breathing room.

The 2013–15 Budget Structure

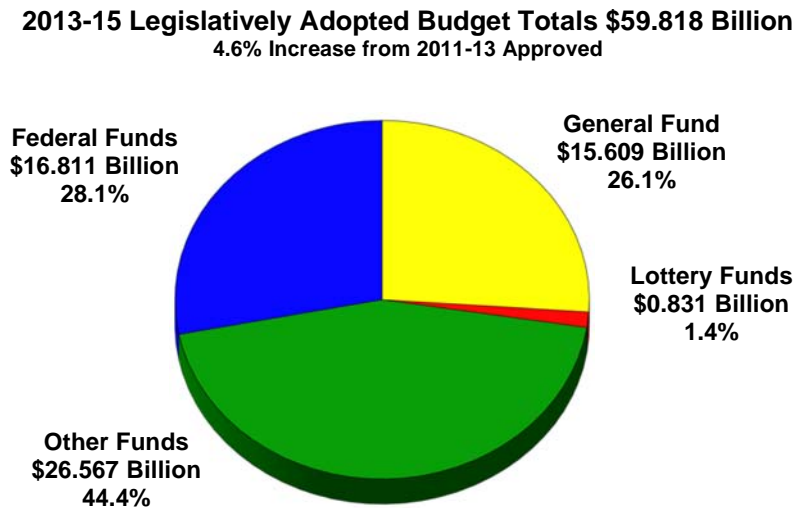
Oregon is often described as having four different state budgets: (1) the Total or “All Funds Budget” (which incorporates the others), (2) the “Federal Funds Budget,” (3) the “Other Funds Budget,” and (4) the “General Funds/Lottery Funds Budget.” Each state agency and program has its own mixture of reliance on these budgets, and where the money comes from has important consequences. As Chart 1 demonstrates, the largest component of the “All Funds Budget” is “Other Funds,” but in terms of discretion and political significance, the General Funds/Lottery Budget takes precedence. When legislators and reporters use the term “state budget,” they generally are referring to the General Funds/Lottery Budget, although this can depend on the context and purposes of the commentator.

As usual, the 2013–2015 Oregon Federal Funds budget is dominated by Human Services, with the Oregon Health Authority and the Department of Human Services receiving about 83 percent of the money from the federal government. Agencies receiving money from this budget

Table 2. Oregon Seasonally Adjusted Unemployment Rates, January 2013-January 2014

	Jan 2014	Dec 2013	Jan 2013
Oregon	7.0%	7.1%	8.3%
United States	6.6%	6.7%	7.9%

Chart 1.



Source: Budget Highlights, 2013–2015 Legislatively Adopted, Legislative Revenue Office, 2013.

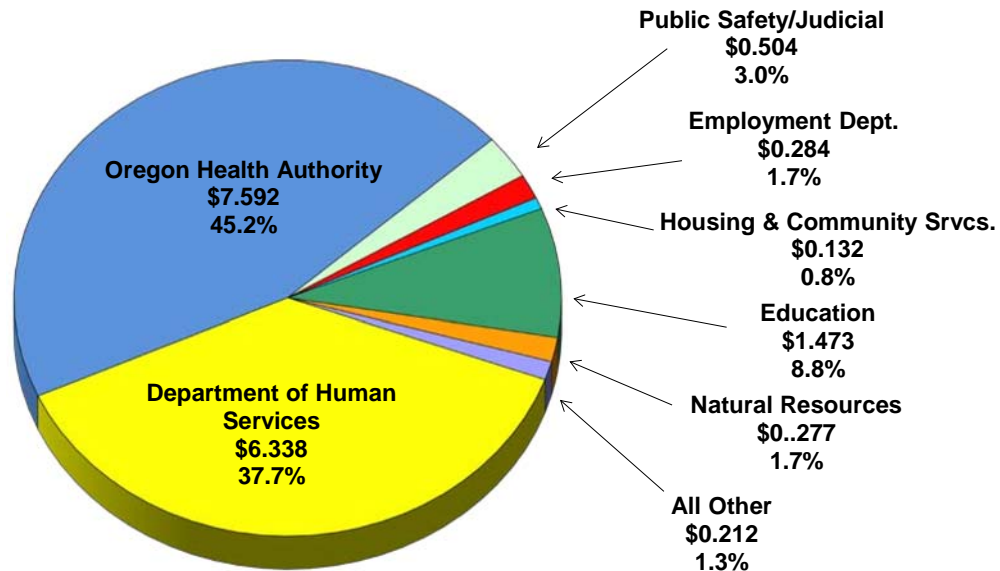
are more likely to be controlled by federal mandates and other requirements. Programs heavily reliant on federal funds, such as the Oregon Health Authority, which is responsible for implementing Medicaid and Affordable Care Act expansion, are advantaged when the federal government extends its commitments, as with the ACA.

There are two important caveats to this advantage. First, often states must match federal funds, and legislators will not put up enough general funds to get the maximum possible federal funds. Second, should Republicans or fiscal conservatives take control in Washington, these programs will be extremely vulnerable to cuts unless the state is in the unlikely position of filling the gaps. The Oregon Health Authority may be transformed again after the 2016 elections.

Agencies funded significantly through the Other Funds Budget are diverse and independent of each other. Their only common trait is that they are less funded through general or federal revenues. Their money often comes from some form of dedicated tax (e.g., transportation receives funds from fuel taxes) or special fees. Dependence on dedicated revenues frees the agency from battling other programs for General Fund dollars, but other problems can occur.

Chart 2.

2013-15 Federal Funds Total \$16.811 Billion
6.1% Increase from 2011-13 Approved Expenditures
(Billions of Dollars/Percent of Total)



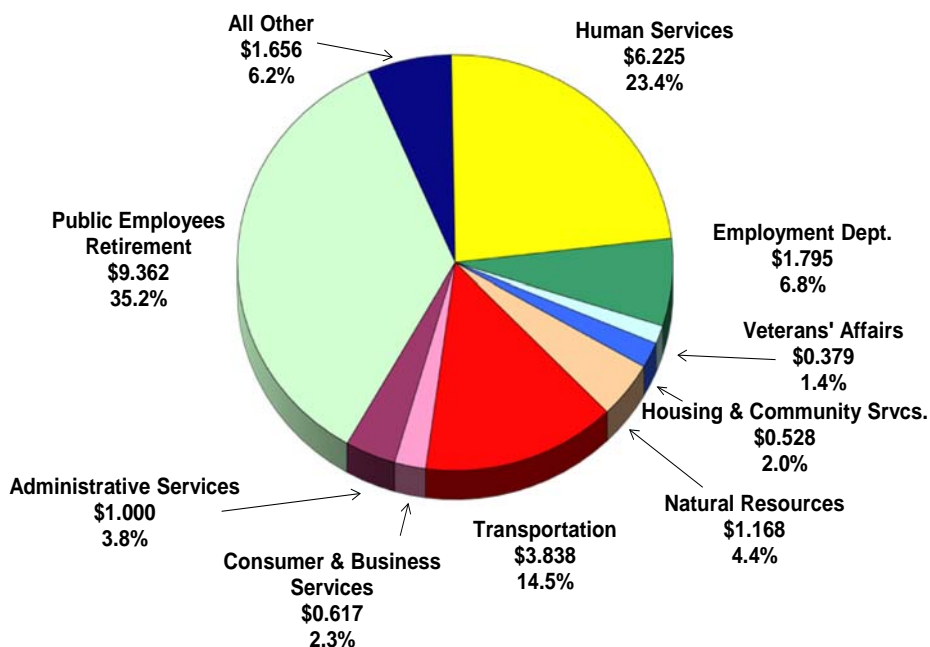
Source: Budget Highlights, 2013–2015 Legislatively Adopted, Legislative Revenue Office, 2013.

In recent years as cars have become more efficient, transportation has seen gas tax revenues decline since they are determined per gallon. One interesting case is the Department of Fish and Wildlife, which is suffering recently because of the decline of hunting and fishing license sales (Miller 2014). Some programs heavily funded through the Other Funds budget are primarily investment and disbursement programs, such as the Public Employees Retirement System, whose revenue is strongly influenced by investment returns. In recognition of its size, importance, and weak dependence on state General Funds, the Oregon University System was recognized as an independent entity so the tuition, grant money, and other revenues are no longer found in the regular state all funds budget, except for its remaining general fund allocations.

Agencies largely funded from the General Fund/Lottery Budget compete with each other in the legislature. Because of this, political considerations within the state will more directly influence their funding. It is also important to note that shifting funding from one revenue stream to another can have important distributional consequences. For example, property tax cuts of the 1990s caused the state to send more state money to local school districts. This in turn meant that general funding for higher education was cut, leading to tuition increases. The state has “reduced its higher education investment by 61.5 percent, from \$10.85 per \$1,000 in personal income in fiscal 1980 (and \$12.77 in fiscal 1970) to \$4.18 in 2011” (Mortenson 2012). Extrapolating this trend since fiscal year 1980, state investment will reach zero in 2036.

Chart 3.

2013-15 Other Funds Total \$26.568 Billion
0.1% Decrease from 2011-13 Approved Expenditures
(Billions of Dollars/Percent of Total)



Budget Highlights, 2013–2015 Legislatively Adopted, Legislative Revenue Office, 2013.

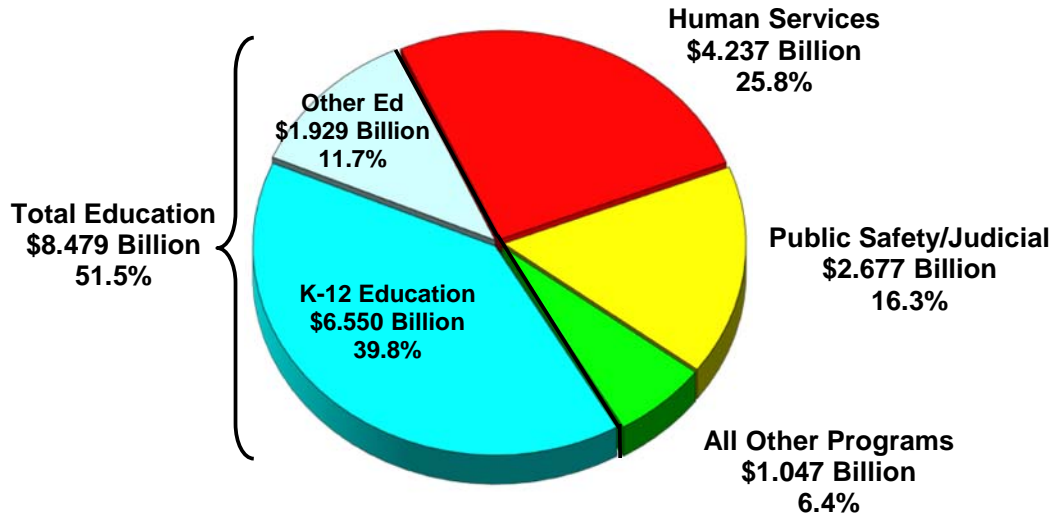
The General Fund is the most political budget. The Lottery Budget is usually lumped with General Funds for simplicity since it is much smaller and money is readily substituted between the two budgets. Even a cursory look at the General Funds/Lottery Funds budget reveals the importance of K-12 basic education in this area, since it receives 40 percent of the money. The K-12 education lobby is the strongest in the capitol, backed by the teachers' unions, schools districts, and bipartisan appeal. Education and Public Safety, because of Oregon's mandatory sentencing laws, are the two most difficult areas for legislators to cut, much to the disadvantage of other programs depending on these funds.

When Kitzhaber presented his 2013–2015 biennial budget to Oregonians, he began by saying, "The 2013–2015 Governor's Balanced Budget marks a significant departure from previous biennial budgets. It was prepared with a long-term framework to guide it. It is built on strategic priorities and outcomes, rather than existing programs, and it aims to achieve ambitious goals over the next decade. This budget shifts away from stand-alone agency initiatives, instead emphasizing five cross-cutting priorities that Oregonians have identified as critical to securing the future: education, jobs and innovation, healthy people, safety and healthy environment."

As the Joint Ways and Means Committee began looking at the budget in terms of revenue and appropriations, a plan was quickly in place that upheld the revenue projections of the previous budget. The committee believed additional funding could be found, especially by tapping in-

Chart 4.

2013-15 General Fund & Lottery Funds Total \$16.440 Billion
11.5% Increase from 2011-13 Approved



Source: Budget Highlights, 2013-2015 Legislatively Adopted, Legislative Revenue Office, 2013

to some of the state's reserved funds. Table 3 indicates the lessening of revenue expectations proposed by the governor in his biennial budget in an economy that would simply not produce funds as it had during better economic times. The budget would have to be adjusted in terms of expenditures rather than increasing revenue projections.

Conclusion and Future Considerations

One of the major goals of the 2014 session was to adjust the 2013–2015 biennial budget. Although the 2014 session seemed to have met the demands of the time, two issues indicate there are deeper unresolved problems: ongoing public employee dissatisfaction and the impact of General Fund redistribution on specific programs. The latter issue is particularly well demonstrated in higher education funding where budget shifts have eroded college affordability and helped lead to an unwinding of the Oregon state system of higher education.¹ Realizing that state General Fund support had declined to less than 10 percent of its revenues, the University of Oregon led the way in breaking from the state's previously centralized system of higher education, and the other universities soon followed.

¹ Oregon's universities were historically organized as one agency called the Oregon University System. Oregon, Oregon State, Portland State, and Western Oregon State have all left the system as of mid-2015.

Table 3. General Fund Revenues, 2003–2013*

	2003-2005	2005-2007	2007-2009	2009-2011	2011-2013
Personal Income Tax	\$8992	\$11040	\$9916	\$10467	\$12,106
Corporate Income Tax	\$641	\$844	\$603	\$828	\$884
Lottery Income	\$781	\$1088	\$1327	\$1,085	\$1128
Other Taxes	\$345	\$408	\$393	\$386	\$436
Other income	\$461	\$450	\$801	\$840	740
Beginning Balance	114	308	\$1437	0	0
Total	\$11,334	\$14,138	\$14,477	\$13,606	\$15,294

Note: Figures in Table 3 are in millions. Minor discrepancies reflect rounding.

*2014 Oregon Public Finance: Basic Facts 2014, (Legislative Revenue Office, Research Report #1-14) p. 14.

Table 4. Recent Biennial Budgets, General Funds/Lottery Receipts

	2007-09*	2009-2011**	2011-13**	2013-15**
	Actual	Actual	Legis. adopted	Legis.adopted
State School Fund (K-12)	\$6,013	\$5384	\$5715	\$6,550
Other Education	\$1,883	\$1752	\$1680	\$1,930
Public Safety	\$1835	\$1785	\$1965	\$2,038
Human Services	\$3,208	\$3294	\$3914	\$4,237
Natural Resources	\$362	\$310	\$302	\$331
All Other	\$	\$1009	\$1163	\$1,355
Total	\$15,100	\$13,534	\$14740	\$16,440

Note: Figures in Table 4 are in millions.

*Budget Highlights: 2011-2013 Legislatively Adopted Budget. Oregon Legislative Fiscal Office, (August, 2011).

**Budget Highlights: 2013-2015 Legislatively Adopted Budget. Oregon Legislative Fiscal Office (September 2013)

In early 2014, Oregon experienced a teachers strike in Medford, its eighth largest district, a potential strike closely averted in Portland School District, an ongoing contract dispute with prisons workers (who are not allowed to strike), and a strike vote at Portland State University that passed with 94 percent support. Public union labor disputes are not particularly novel in Oregon, but the diversity of agencies affected and the difficult negotiations of each of these situations may reflect the general strain on the Oregon public finance system as a result of its structure and the persistently slow growth of the state. For the corrections workers of the American Federation of State, County and Municipal Employees Council (AFSCME), the lack of a con-

tract since July 2013 reflects how, in the words of union spokesman Tim Woolery, “The DOC has budget issues, and it doesn’t want to pay. . . . I think our offer is reasonable, and the state is just being stubborn, if you will.”(Hoffman, 2014). Medford and Portland teachers were glad to put the conflict behind them, but clearly some issues remain.

The strike authorization vote by faculty at Portland State University connects to the broader issue of how property tax limitations and the corresponding demands of K-12 education on state General Funds have constrained budgets in other areas and pushed programs like higher education towards alternate funding mechanisms. In the case of higher education, state support for the public university has declined from \$746 million in 2001–2003 to \$669 million in 2011–013, and average in-state tuition has increased to fill this gap from \$3,737 to \$7,634 over the same period. (Graves 2012).

The reductions in state funding for higher education were a catalyst for a number of developments in higher education in Oregon, including the dissolution of the Oregon University System and drastic cuts in some small universities. Two facts that demonstrate how General Fund cuts have forced evolution within the higher education system are: (1) the University of Oregon, which has led the way to establish its own board and be free of the system, now depends on state General Funds for only five percent of its funding, and (2) in the 2013–2015 budget, the general fund provides only about 10 percent of the total funds all state universities will spend (Hammond 2013a). Essentially, Oregon has experienced an incremental privatization of its higher education system.

Public officials in Oregon have been ambitious about education in recent years. Governor Kitzhaber convinced the legislature to create the Oregon Education Investment Board, which now appoints the Oregon chief education officer, whose task is to oversee the rationalization and transformation of the various components of education into a single efficient system. Kitzhaber’s ultimate goal is to have Oregon meet his “40–40–20” criteria: 40 percent of the population with four-year or graduate degrees, 40 percent to have two-year or professional degrees, and the remaining 20 percent to have graduated high school by 2025 (Hammond 2013b). The magnitude of this ambition is driven home by the fact that in 2011 when this law was passed, Oregon had 28 percent of those over 25 with bachelor’s degree, 8 percent with associate’s degrees, and 12 percent had not completed high school (Graves 2011).

Despite the lack of new funding for Kitzhaber’s initiative, legislators responded to the college affordability issue in March 2014 by considering the idea of making community college tuition free. In signing a bill to evaluate the possibilities for a tuition-free community college education, Kitzhaber evoked progressivism at its most ideal calling for a day when “every student in our state believes in their heart that a postsecondary education is within their reach.” (Hammond 2014)

It the short term, Oregon’s ability to deliver on its progressive vision will be determined primarily by the economy and national politics. The extreme dependence on personal income taxes means the state can make major jumps in revenue when times turn good. In this respect, even though there is the risk of losing some short-term money to the two percent kicker, the general brightening of the Oregon economy in 2013 and 2014 may create more breathing room for General Funds programs such as K-12 and initiatives to support students in community colleges. Major areas where Oregon has distinguished itself in the past, particularly health care and community-based elder care, are subject to the vagaries of national politics. While Obama is unlikely to allow his core programs to suffer too much, 2016 looms large for these programs where Oregon

has sometimes led the nation. Oregon's leadership on health care has been temporarily if not totally lost due to a near total failure of its ACA exchange website launch.

Over the long term Oregon cannot support a truly progressive agenda within the limits of its fiscal structures. Long-term educational reform and consistent social services demand fiscal commitments that last decades. The state's history is littered with creative ideas that crashed and burned in the balancing of recession-time budgets. All states face this problem, but Oregon has the problem compounded historically by the highly cyclical dependence on timber production, making the volatile housing industry its determinate factor of revenue in the past, and by its current dependency on that most elastic of revenues, personal income taxes. Kitzhaber has announced he will seek a record-breaking fourth term in office in 2014. He has pledged that tax reform will be a centerpiece of his legacy, which is important since the legacy of many of his other progressive ideas depend on a restructuring of Oregon's revenue system (*The Oregonian* Editorial Board 2014).

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