

SPEECH BY GOV. VIC ATIYEH
JOINT SESSION TO LEGISLATURE
SPECIAL SESSION
HOUSE CHAMBERS
MONDAY, AUGUST 4, 1980

PREPARED TEXT

PRESIDENT BOE, SPEAKER MYERS, MEMBERS OF THE LEGISLATIVE ASSEMBLY, SPECIAL GUESTS--FELLOW OREGONIANS. A LITTLE LESS THAN THIRTEEN MONTHS AGO YOU, THE MEMBERS OF THE 60TH LEGISLATIVE ASSEMBLY, ADJOURNED SINE DIE. YOU ACCOMPLISHED IN A MOST ADMIRABLE WAY WHAT YOU WERE ELECTED TO DO -- ^{AND THAT} WHICH IS TO KEEP OUR UNIQUE SYSTEM OPEN TO THE PEOPLE, TO LISTEN TO THEIR CONCERNS, TO WEIGH THEIR TESTIMONY AGAINST THE BACKDROP OF YOUR VARIED EXPERIENCES AND THEN TO MAKE FINAL DECISIONS. // THROUGHOUT THIS PROCESS YOU PERFORMED IN THE BEST OREGON TRADITION.

IT IS IRONIC THAT YOU MUST MEET HERE NOW, TO REBUILD WHAT YOU HAVE SO CAREFULLY CONSTRUCTED. BEFORE.

I AM CERTAIN THAT YOU ARE BESIEGED // AS I AM // BY CONSCIENTIOUS CITIZENS ASKING, WHY DID YOU CUT HUMAN RESOURCES OR THE STATE POLICE -- OR SHOULD YOU RECONSIDER WHAT YOU HAVE DONE TO PROGRAMS FOR JUVENILES, FOR HIGHER EDUCATION, FOR FISH AND WILDLIFE, OR THE ENVIRONMENT? // YOU AND I CAN GIVE THOSE CITIZENS GOOD REASONS WHY EVERYONE OF THESE BUDGET CUTS SHOULD NOT BE MADE.

THIS GOVERNOR AND THIS LEGISLATURE APPROVED ALL THE BUDGETS THAT WE ARE NOW FORCED TO REDUCE. WE CAN HONESTLY SAY THAT NO BUDGET CUTS ARE WARRANTED. YET WE MUST -- BECAUSE OUR CONSTITUTION MANDATES WHAT ANY PRUDENT PERSON OR WISE GOVERNMENT KNOWS: WE MUST NOT SPEND MORE THAN WE RECEIVE.

WHY DO WE HAVE A 204 MILLION DOLLAR SHORTFALL. THERE IS ONE CLEARLY SIGNIFICANT REASON--BECAUSE THERE HAS BEEN A LOSS OF JOBS AND A LOSS OF PROFITS IN OREGON.

THERE ARE THOSE IN SOCIETY WHOSE VOICES HAVE BEEN THE LOUDEST IN RECENT YEARS, WHO HAVE SCORNED THE NEED TO PROVIDE JOBS AND WHO ARE ANGERED BY PROFITS. THESE SAME INDIVIDUALS ARE HAILED AS CHAMPIONS OF GOVERNMENT SERVICES. THESE PEOPLE DO NOT UNDERSTAND THAT YOU NEED EGGS TO MAKE AN OMELETTE. THE FACT THAT YOU ARE HERE TODAY TO CUT BUDGETS IS PROOF ENOUGH OF HOW WRONG THEY ARE.

WE IN GOVERNMENT OFTEN BECOME PREOCCUPIED WITH OUR OWN TASKS OF ENSURING PUBLIC SAFETY, PROVIDING FOR THE POOR AND DISABLED, EDUCATING THE YOUNG AND PROTECTING THE LIVABILITY OF OUR STATE. THOSE TASKS ARE LAUDABLE AND APPROPRIATE. ^{HOWEVER} WE MUST NOT FORGET THAT THE RESOURCES TO PROVIDE THOSE PUBLIC SERVICES ARE WHOLLY DEPENDENT ON THE ABILITY OF BUSINESS TO PROVIDE JOBS AND PROFIT.

WE ALL WANT TO RESTORE THOSE BUDGET CUTS. WE WILL WANT TO IMPROVE PUBLIC SERVICES IN THE FUTURE. THAT CAN ONLY HAPPEN IF WE WORK TO PURSUE AN ENVIRONMENT WHERE PROFITS AND JOBS ARE PLENTIFUL.

OUR PRESENT ECONOMIC CONDITION IS THE RESULT OF DECISIONS: DECISIONS MADE BY OUR NATIONAL GOVERNMENT -- DECISIONS MADE BY BUSINESS -- DECISIONS MADE BY ALL OF US. THE FEDERAL GOVERNMENT HAS SPENT WAY BEYOND ITS MEANS -- SO HAVE MANY AMERICANS. WE ALL SHARE RESPONSIBILITY.

IN THE BROADEST SENSE WE ARE HERE BECAUSE WE LIVE IN A FREE MARKET WHERE CONSUMERS AND PRIVATE ENTERPRISE ARE GIVEN FREEDOM TO MAKE CHOICES AND WHERE A FREE GOVERNMENT MAKES DECISIONS IN RESPONSE TO THE DEMOCRATIC WILL. SOMETIMES THESE COLLECTIVE CHOICES ARE NEITHER RATIONAL NOR WISE. BUT THEY ARE THE DECISIONS OF A FREE PEOPLE WHO INSIST ON THE RIGHT TO MAKE HUMAN MISTAKES. ^{TO} PARAPHRASE WINSTON CHURCHILL, IT IS A TERRIBLE SYSTEM UNTIL COMPARED TO ALL OTHERS.


AS OREGONIANS WE HAVE PRIDED OURSELVES ON OUR PROGRESSIVE TRADITION -- A TRADITION OF MAKING WISE AND PRUDENT DECISIONS. OUR GOVERNMENT HAS BEEN RESPONSIVE TO PEOPLE'S NEEDS. WE HAVE BEEN INNOVATIVE, AND IN MANY CASES WE HAVE LED THE NATION. WHETHER IT BE ELECTION OR ENVIRONMENTAL LAWS, HUMAN SERVICES OR PRISON REFORM, OREGONIANS HAVE CONSISTENTLY REJECTED RADICAL SCHEMES. RATHER THAN STEERING MADLY FROM LEFT TO RIGHT ON A CROOKED ROAD, WE HAVE FOLLOWED A STEADY/PROGRESSIVE COURSE. OREGON CITIZENS DEMAND A GOVERNMENT THAT IS ENLIGHTENED, YET MANAGED IN A FISCALLY SOUND MANNER.

THE OREGON CONSTITUTION CLEARLY PROHIBITS DEFICIT SPENDING. KEYNESIAN ECONOMICS HAS NO ROLE IN STATE GOVERNMENT. YOU, THE OREGON LEGISLATURE, HAVE THROUGHOUT OUR HISTORY, OBSERVED THAT CONSTITUTIONAL MANDATE IN BOTH SPIRIT AND LAW. THAT PRINCIPLE SHOULD BE PRESERVED.

RESPONSIBLE
AN AMPLE ENDING BALANCE HAS BEEN THE CORNERSTONE OF PRUDENT BUDGETING IN THIS STATE FOR DECADES. IT IS AN INSURANCE POLICY AGAINST DEFICITS.

WE BEGAN THIS BIENNIUM WITH A BALANCE OF 270 MILLION DOLLARS. TO LEAVE A DANGEROUSLY SMALL BALANCE IN 1981 WOULD BE A MORTGAGE AGAINST OUR FUTURE AND CLEARLY WOULD BE DEFICIT SPENDING IN SPIRIT, IF NOT IN LAW.

THE STATE ECONOMIST FORECASTED REVENUES OF 204 MILLION DOLLARS LESS THAN PREDICTED IN 1979, BUT WE HAVE BEEN TOLD THAT PRESENT INDICATORS COULD EASILY ADD IN EXCESS OF 40 MILLION DOLLARS TO THAT FIGURE. OUR CONSITUTIONAL DUTY // AS WELL AS COMMON SENSE // DICTATES THAT WE BUDGET FOR THAT CONTINGENCY.



SOME HAVE SUGGESTED POSTPONING A DECISION UNTIL THE 1981 LEGISLATIVE SESSION, HOPING THAT ECONOMIC CONDITIONS MIGHT CHANGE. / I DISAGREE.

IF WE WAIT UNTIL NEXT WINTER OR SPRING, THERE COULD BE NO MONEY LEFT TO SPEND. WHOLE GOVERNMENT PROGRAMS WOULD HAVE TO BE DISCONTINUED. TO RISK SUCH A COURSE IS A TOTAL DEPARTURE FROM OREGON'S HISTORY OF RATIONAL AND PRUDENT GOVERNMENT.

IF WE MAKE LONG-SHOT BETS, WE RISK BOTH THE INTERESTS OF THE CITIZENS WE SERVE AND THE STATE'S CREDIT RATING. BECAUSE OF THIS 204 DOLLAR MILLION SHORTFALL, OREGON'S BOND RATINGS HAVE ALREADY SUFFERED. BOND EXPERTS SAY THAT THOSE RATINGS COULD HAVE BEEN EVEN LOWER IF IT WERE NOT FOR OUR PROVIDING AN ADEQUATE RESERVE.

I AM CONVINCED THAT A 45 MILLION DOLLAR ENDING BALANCE IS AN ESSENTIAL INGREDIENT OF THE BUDGET PROPOSALS I HAVE SUBMITTED TO YOU. YOU MUST RESIST INVASIONS UPON THIS RESERVE.

YOU HAVE BEFORE YOU MY BUDGET MESSAGE AND I DO NOT INTEND TO SPEAK AT LENGTH TODAY ABOUT MY SPECIFIC RECOMMENDATIONS. IN SUMMARY, THEY ARE:

--BUDGET REDUCTIONS OF 130 MILLION DOLLARS -- ^{AN AVERAGE} ~~#~~ 13 PERCENT CUT IN STATE AGENCY EXPENDITURES, PLUS DEFERRED CAPITAL CONSTRUCTION.

--THE PROPERTY TAX RELIEF PROGRAM TO CONTINUE UNTOUCHED.

--NO REDUCTION IN STATE GENERAL FUND ^{ASSISTANCE} ~~SUPPORT~~ FOR BASIC SCHOOL SUPPORT.

--NO ADDITIONAL FINANCIAL BURDENS ON CITIES AND COUNTIES.

--NO INCREASED TAXES.

--TIMELY QUARTERLY PAYMENT OF TAXES ON INSURANCE PREMIUMS AND ON INCOME NOT SUBJECT TO WITHHOLDING.

--ENHANCED ENFORCEMENT AGAINST DELINQUENT TAXPAYERS.

--A PRUDENT RESERVE OF 45 MILLION DOLLARS.

THESE RECOMMENDATIONS ARE THE RESULT OF MANY HOURS OF WORK BY ME PERSONALLY AND THE AGENCIES OF STATE GOVERNMENT. I ~~DO~~ WANT TO TAKE THIS OCCASION TO AGAIN EXPRESS THE PRIDE I HAVE IN THE JOB DONE BY MY AGENCY HEADS AND THEIR STAFF IN PREPARING OUR PROPOSALS ^{FOR} ~~TO~~ YOU. THEIR RESPONSE TO THIS CRISIS WAS FORTHRIGHT, RESPONSIBLE, AND INNOVATIVE. THEY PRESENTED THEIR HONEST EVALUATIONS OF WHAT THEY BELIEVED MUST BE RETAINED AND WHAT, AFTER PAINFUL JUDGMENT, COULD BE SACRIFICED.

IN PREPARING THESE RECOMMENDATIONS, WE HAVE USED OUR BEST JUDGMENT IN TRYING TO SUBMIT A PLAN WHICH MAINTAINS THE ENLIGHTENED AND FISCALLY SOUND GOVERNMENT THAT OREGONIANS EXPECT.

YOUR LEGISLATIVE COMMITTEES HAVE PUT IN TWO WEEKS OF DILIGENT AND PRODUCTIVE WORK. I APPRECIATE THAT THE COMMITTEES HAVE NOT DEVIATED FROM THE BASIC PRINCIPLES EMBODIED IN MY RECOMMENDATIONS. THEY HAVE MADE SEVERAL ADJUSTMENTS. I HAVE REVIEWED THOSE ADJUSTMENTS AND MOST OF THEM ARE INNOVATIVE IMPROVEMENTS UPON THE PROGRAM I ORIGINALLY OFFERED. // YOU SHOULD KNOW THAT TODAY I CAN SUPPORT THE ENTIRE PACKAGE AS DELIVERED TO YOU.

APART FROM MY BUDGET RECOMMENDATIONS, I COMMEND TO YOUR ATTENTION TWO OTHER ISSUES OF FISCAL IMPORTANCE.

THE FIRST IS A CHANGE IN THE BASIC SCHOOL SUPPORT FORMULA TO DISTRIBUTE EQUALLY ANY LOSSES SUFFERED BY SCHOOL DISTRICTS RESULTING FROM FEDERAL CUTBACKS IN REVENUE SHARING. ONE SCHOOL DISTRICT SHOULD NOT BENEFIT AT THE EXPENSE OF ANOTHER. YOUR COMMITTEE HAS AGREED WITH THIS CHANGE AND I ENCOURAGE YOU TO FOLLOW OUR JOINT RECOMMENDATION.

THE SECOND IS A ^{Referendum} ~~MEASURE~~ ASKING OREGON VOTERS TO PROVIDE BONDING---MEASURED AGAINST ASSESSED VALUE OF PROPERTY---FOR THE CONSTRUCTION OF CORRECTIONAL FACILITIES. YOUR COMMITTEE HAS RECOMMENDED HALF THE AMOUNT I SUGGESTED. // THIS IS THE ONLY ISSUE ~~THAT~~ ^{IN WHICH I} ~~FINDS ME IN DISAGREEMENT~~ WITH YOUR COMMITTEES. // WE CANNOT EASILY GO BACK TO THE PEOPLE IF THE LOWER FIGURE IS WRONG. I BELIEVE OREGON VOTERS WILL APPROVE A BONDING MEASURE TIED TO THE VALUE OF REAL PROPERTY IN THE STATE. WITH THIS APPROVAL THE LEGISLATURE STILL MUST MAKE APPROPRIATE DECISIONS AS TO THE AMOUNT OF BONDS TO SELL AND THE TYPE OF FACILITY TO BUILD, EXACTLY AS WE NOW DO WITH HIGHER EDUCATION BONDS. // I ASK YOU TO APPROVE MY RECOMMENDATION.

WHEN I MET WITH YOUR LEADERSHIP A MONTH AGO, WE AGREED THAT THIS WAS NOT A TIME FOR PARTISANSHIP. YOUR COMMITTEES HAVE KEPT FAITH WITH THAT PROMISE.

NOW IT IS TIME FOR YOU TO REVIEW OUR EFFORTS AND EXERCISE YOUR BEST JUDGMENT. I AM CONFIDENT THAT YOU WILL KEEP FAITH WITH OREGON'S TRADITIONS. AS A FORMER MEMBER OF THIS ASSEMBLY, I CAN SAY WITH CONFIDENCE THAT THE OREGON LEGISLATURE IS ONE OF THE GREAT ~~FREE~~ DELIBERATIVE BODIES.

I LOOK FORWARD TO WORKING WITH YOU IN THE COMING DAYS. YOU CAN EXPECT MY FULL AND COMPLETE COOPERATION.