

F I S C A L M A N A G E M E N T

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During Oregon's political history, eight special sessions of the state legislature have been convened. Governor Atiyeh was responsible for four of them.

Of these four special sessions, *three* were called during the Governor's first term. The Governor exercised this executive initiative in the face of a national recession which placed severe strain on Oregon state government's financial position. Revenues plummeted and since the state, by constitutional provision, is prohibited from deficit financing, Governor Atiyeh was forced to take decisive action to prevent a potential crisis. To cut costs significantly and to create a more efficient government, the Governor instigated a series of programs designed to place restraint on expenditures and governmental positions, direct executive involvement in the budget development and review process, develop a plan to enhance cooperation among state government agencies, enhance statewide financial reporting, create a council of economic advisors and improve the readability of budget/fiscal documents.

During his Administration, the Governor has dramatically restrained spending and the growth of positions in state government. Expenditures were reduced as revenues fell off in the recessionary period 1980-83. Between the 1979-81 biennium and the 1981-83 period, the state budget was reduced 11.27 percent. Despite that reduction, increases in state spending have been kept to a bare minimum since the 1981-83 biennium. Today, accounting for inflationary increases, real dollar expenditures are 4.1 percent lower for 1985-87 than they were in 1979-81 when the Governor took office.

In addition to substantial trimming of dollar outflows, the Governor has also checked the growth of state government. From 1980 to 1983, this resulted in a reduction of 3,481 state positions. Despite many variables that influence the calculation of state spending and bureaucratic size, the conclusion is unavoidable; The Governor has, throughout his Administration, imposed significant restraint on state spending and the growth of government.

Governor Atiyeh is also the only modern governor to adopt a method of personal involvement in the budget preparation and review process. Despite other obligations, the Governor himself established goals and criteria for preparing budgets and worked with his state agency directors in preparing budget recommendations for the legislature. For his 1985-87 budget, the Governor met with over 50 agency heads in individual meetings to achieve his objective of enhanced state government efficiency.

In an effort to produce a more cohesive and efficient system, Governor Atiyeh also devoted himself to the improvement of internal relations within state government. Central administrative agencies and line operating agencies of government have thus been reorganized to work in concert. Through the development of consistent tri-weekly cabinet meetings the Governor has eliminated much time previously spent in internal negotiations, clarification, appeal, and reconciliation.

Another step dedicated to internal efficiency was the formation of a Governor's Council of Economic Advisors consisting of an 11-person panel appointed by the Governor to represent a broad spectrum of economic expertise from both the private and public sectors. The council reviews various national economic forecasts to help determine national economic assumptions used in compiling the state's economic forecast. The council also reviews preliminary state economic forecasts and examines the impact of

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developments in the state economy on the short term economic outlook for Oregon. The Governor's Council, in cooperation with the members of his Executive Department Economic Advisory Committee, has been instrumental in lending credibility, prestige and invaluable insights to the state's forecasting capability.

Recognizing that the existing system of funding the operation of Oregon's judicial system was in disarray, the Governor summoned the Legislature into special session in October 1981. By the end of that day, both houses had passed a lengthy measure, prepared with the full cooperation of Oregon's judges, reforming and stabilizing the fiscal procedures for operation of the judicial branch. Several years of experience under the new system have demonstrated the need only for minor adjustments.

Finally, the Governor instituted a system of statewide financial reporting which includes a statewide accounting manual and automated financial reporting system. Prior to 1979, no uniform accounting procedures existed for state agencies and information on public expenditures was not available in conformance with generally accepted accounting principles. As a result of this revamped reporting system, bureaucratic coordination in accounting procedures is greatly enhanced and less time is spent gathering financial information.

Many administrators might have abandoned earlier their efforts at internal reorganization. Governor Atiyeh, however, has continued to extend his efforts to make a direct impact upon Oregonians. The Governor has, throughout his Administration, emphasized the importance of open communications between government and the public. This commitment has been evident in the budgetary process where documents have been forced into more understandable formats and where the content has been made readable

and clear for those who are not insiders or experts in the budgetary process. The process has been useful not only for the legislature, the media, and others who are inclined to work with the materials, but also for the private citizen who wants to know the function of his or her tax dollar.

As one of the major issues of the Atiyeh Administration, economic recession presented itself as a most formidable obstacle. The Governor faced the crisis head-on and without hesitation. He was forced to assume a leadership role in the recovery process by trimming the size of state government, restraining government expenditures, and restructuring the internal system to produce efficiency. As a result of his efforts, Oregon will be left with a state government that is more efficient, more productive and more receptive to public concerns as the state climbs its way out of economic recession.