

10/8/21

County may see more cuts after state trims its budget

12/19/01

FRED LEESON

Multnomah County officials trying to read tea leaves about forthcoming state budget cuts think the county could lose between \$12 million to \$17 million.

Unlike an earlier round of internal county cuts that left most social service programs intact, the new reductions could slice into county medical, mental health, drug treatment and services for seniors.

"It will impact the most vulnerable members of our community," said Diane Linn county chairwoman after an informal county board meeting on Tuesday.

State legislators are expected trim some \$720 million from the state budget at a special session in February. The unusual mid-session cutting is dictated by a declining state economy that is reducing state revenue.

Gina Mattioda, director of the county's public affairs office, said the \$12 million to \$17 million estimate is based on talks with state agencies and legislative work sessions. Gov. John Kitzhaber is expected to issue his budget recommendations early in January.

While the county cannot predict legislative decisions, county commissioners no believe significant impacts could include:

Loss of adult dental care for 50,000 low-income county residents;

Return of an estimated 500 inmates from state prisons, many of whom would be added to caseloads of county parole and probation officers;

A 10 percent cut in outpatient drug and alcohol treatment for clients in county corrections programs;

Loss of services that keep approximately 1,400 frail or elderly patients in their own homes;

Loss of food, housing and health care for 1,000 clients in the General Assistance Grant program;

Approximately a 20 percent cut in county beds for juvenile criminal offenders.

Last month, the county completed its own mid-year budget reduction process by trimming \$10.8 million from a \$291 million general fund. The reductions were prompted in large part by declines in the county's business income tax.

County commissioners temporarily closed one county jail but avoided cuts to most human service programs. In many cases, county-funded social services provide the safety net for residents who cannot afford mainstream health or drug treatment.

"We've taken out all of our administrative buffer, to the extent we even had one," Linn said. She said the coming state cuts will come largely from mandated programs, which means the county has less discretion to switch money among competing services.

"If we identify things that we feel just can't be reduced, can the county backfill some of those services?" Linn asked. "It would be very, very difficult."

The board said it would encourage many of the 300 people who testified about during the recent county budget hearings to communicate with state legislators about impacts of state cuts.

But it is unlikely that the county can avoid any impact. "We're here to pick up the pieces," said Commissioner Lonnie Roberts, himself a former state legislator.

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Multnomah County Oregon

Board of Commissioners & Agenda

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DECEMBER 18 & 20, 2001 BOARD MEETINGS

FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:30 a.m. Tuesday Oregon Budget Update
Pg 2	9:30 a.m. Thursday Opportunity for Public Comment on Non-Agenda Matters
Pg 4	9:50 a.m. Thursday 2nd Reading Ordinance Amending County Zoning Code
Pg 5	9:55 a.m. Thursday Resolution Approving Project Charters
Pg 5	10:30 a.m. Thursday Resolution Consenting to Chair Appointment of Department Director
***	The December 27, 2001 & January 3, 2002 Board Meetings Are Cancelled
***	Board and Agenda Web Site: http://www.co.multnomah.or.us/cc/index.html

Thursday meetings of the Multnomah County Board of Commissioners are cable-cast live and taped and may be seen by Cable subscribers in Multnomah County at the following times:

Thursday, 9:30 AM, (LIVE) Channel 30

Friday, 11:00 PM, Channel 30

Saturday, 10:00 AM, Channel 30

(Saturday Playback for East County Only)

Sunday, 11:00 AM, Channel 30

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Tuesday, December 18, 2001 - 9:30 AM
Multnomah Building, Sixth Floor Commissioners Conference Room 635
501 SE Hawthorne Boulevard, Portland

BOARD BRIEFING

- B-1 Status of State of Oregon Special Session Committee Hearings and Update on Potential Budget Cut Information. Presented by Gina Mattioda and Stephanie Soden. 1 HOUR REQUESTED.
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Thursday, December 20, 2001 - 9:30 AM
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

REGULAR MEETING

CONSENT CALENDAR - 9:30 AM **NON-DEPARTMENTAL**

- C-1 Appointment of Lilia Evangelista to the COMMUNITY HEALTH COUNCIL
- C-2 Appointment Michelle Neal to the DEPARTMENT OF COMMUNITY AND FAMILY SERVICES CITIZEN BUDGET ADVISORY COMMITTEE
- C-3 Appointment of Lee E. Moore, Sr. as a Commissioner of the HOUSING AUTHORITY OF PORTLAND Board of Directors
- C-4 Appointments of Rick Gustafson and Alice Meyer to the LIBRARY ADVISORY BOARD
- C-5 Appointments of Donald G. Smith, Jr. and Gregory Crawford to the SHERIFF'S OFFICE CITIZEN BUDGET ADVISORY COMMITTEE
- C-6 ORDER Reappointing Melvin Y. Zucker as a Commissioner to the Ramsey-Walmar Special Road District

SHERIFF'S OFFICE

- C-7 Off Premises Sales Liquor License Renewal for ROCKY POINTE MARINA, 23586 NW St Helens Highway, Portland

- C-8 Off Premises Sales Liquor License Renewal for FRED'S MARINA, 12800 NW Marina Way, Portland
- C-9 Limited On Premises Sales and Off Premises Sales Liquor License Renewals for BIG BEARS CROWN POINT MARKET, 31815 E Columbia River Highway, Troutdale
- C-10 Off Premises Sales Liquor License Renewal for PLAINVIEW GROCERY, 11800 NW Cornelius Pass Road, Portland
- C-11 Off Premises Sales Liquor License Renewal for TENLY'S JACKPOT FOODMART, 28210 SE Orient Drive, Gresham
- C-12 Off Premises Sales Liquor License Renewal for WEECE'S MARKET, 7310 SE Pleasant Home Road, Gresham
- C-13 Full On Premises Sales Liquor License Renewal for MULTNOMAH FALLS LODGE, 5300 E Columbia River Highway, Bridal Veil
- C-14 Full On Premises Sales Liquor License Renewal for BOTTOMS UP TAVERN, 16900 NW St Helens Road, Portland
- C-15 Off Premises Sales Liquor License Renewal for THE CRACKER BARREL GROCERY, 15005 NW Sauvie Island Road, Portland
- C-16 Full On Premises Sales Liquor License Renewal for PLEASANT HOME SALOON, 31637 SE Dodge Park Boulevard, Gresham
- C-17 RESOLUTION: Annual Authorization for Designation of a Portion of Compensation as a Housing Allowance for Chaplains Serving Inmates and Employees at the Multnomah County Jails

DEPARTMENT OF SUSTAINABLE COMMUNITY DEVELOPMENT

- C-18 Approval of Auto Wrecker License Renewal for FRANK MILLER TRUCK WRECKING, 15015 NW Mill Road, Portland
- C-19 Approval of Auto Wrecker License Renewal for ORIENT AUTO PARTS, INC., 28425 SE Orient Drive, Gresham
- C-20 Approval of Auto Wrecker License Renewal for LOOP HI-WAY TOWING, 28609 SE Orient Dr., Gresham,

- C-21 RESOLUTION Authorizing Execution of Deed D021823 for Repurchase of Tax Foreclosed Property to the Former Owner, the Estate of Curtis L Harris
- C-22 RESOLUTION Authorizing Sale of Certain Tax Foreclosed Properties to the City of Troutdale

PUBLIC CONTRACT REVIEW BOARD

- C-23 ORDER Exempting from the Formal Competitive Bid Process the Contract with Crystal Decisions for a Software Package and Annual Maintenance

REGULAR AGENDA - 9:30 AM

PUBLIC COMMENT - 9:30 AM

Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.

DEPARTMENT OF HEALTH - 9:30 AM

- R-1 NOTICE OF INTENT to Submit a Proposal in the Amount of \$450,000 to the Health Resources and Services Administration's (HRSA) *Developing a System of Care to Address Family Violence During or Around the Time of Pregnancy* Demonstration Program

DEPARTMENT OF SUPPORT SERVICES - 9:40 AM

- R-2 RESOLUTION Authorizing Preliminary Approval for the Issuance of Multnomah County, Oregon Solid Waste Disposal Revenue Bonds, Series 2002 (Waste Management, Inc. Project), Authorizing execution and Delivery of a Letter of Intent, Requesting a Carry-Forward Allocation of Volume Cap from the Private Activity Bond Committee and Related Matters
- R-3 Intergovernmental Agreement 4600002830 with the Oregon Bureau of Labor and Industries, Providing Enforcement of Complaints Filed Under Multnomah County Code 15.340 to 15.347

DEPARTMENT OF SUSTAINABLE COMMUNITY DEVELOPMENT - 9:50 AM

- R-4 Second Reading and Possible Adoption of an ORDINANCE Amending the County Comprehensive Framework Plan, Community Plans, Rural Area Plans, Sectional Zoning Maps, and Zoning Code Chapters to Adopt Portland's Recent Code and Comprehensive Plan Revisions In Compliance With Metro's Functional Plan, and Declaring an Emergency

- R-5 RESOLUTION Approving Charter for Renovation of the Women's Transition Housing Located at 722, 732, and 736 NE Couch Street, Portland, Oregon
- R-6 RESOLUTION Approving Project Charter for Ground Leasing Surplus Property at the Mid-County Health Center Site at 12710 SE Division, Portland, Oregon, for Development of Approximately 62 Units of New Special Needs Housing

NON-DEPARTMENTAL - 10:15 AM

- R-7 Budget Modification CCFC 02-02 Requesting \$26,000 from General Fund Contingency to Implement Certain Services for Sexual Minority Youth in Multnomah County
- R-8 Second Reading and Possible Adoption of an ORDINANCE Amending MCC Chapter 7 and Deleting MCC Chapter 27 to Establish the Department of Management and Business Services by Consolidating and Abolishing the Department of Support Services and the Department of Sustainable Community Development, and Declaring an Emergency
- R-9 RESOLUTION Consenting to Chair Appointment of Cecilia Johnson as Director of the Department of Management and Business Services



Capitol News

A source of legislative information for Multnomah County
by the Public Affairs Office



December 2001

December Revenue and Economic Forecast Released

Oregon's State Economist Tom Potiowsky released the December Revenue and Economic Forecast to the Senate Interim General Government Committee and House Interim Revenue Committee on Friday, November 30, 2001.

As expected, Oregon's economy continues to decline and the gap between the Legislatively Adopted Budget (LAB) and the new revenue forecast for the 2001-03 biennium has grown to nearly \$720 million. The gap in the 2003-05 biennium has grown to nearly \$1 billion.

For more information on the Forecast, visit the Office of Economic Analysis website at www.oec.das.state.or.us.

Preparing for January/February Special Session

Senate and House members will hold public hearings and hear public testimony beginning Monday, December 10 through Friday, December 14, 2001.

Senate President Gene Derfler and House Speaker Mark Simmons announced the following committee assignments. Legislators highlighted with italics indicate those who represent portions of Multnomah County. Committee schedules are included where available.

Senate Economic and Job Stimulus Committee

Jason Atkinson and *Rick Metsger* as Co-chairs, Susan Castillo, Peter Courtney, Bill Fisher, Gary George, *Avel Gordly*, and Ken Messerle.

Committee Schedule:

Tuesday, 9:00 am – 5:00 pm

Wednesday, 9:00 am – 5:00 pm

Thursday, 9:00 am – 5:00 pm

Senate Budget Rebalance Committee

Roger Beyer and Cliff Trow as Co-chairs, *Margaret Carter*, Bev Clarno, Lenn Hannon, Steve Harper, *Frank Shields*, and Mae Yih.

Committee Schedule:

Tuesday, 9:00 am – 5:30 pm

Wednesday, 8:30 am – 5:00 pm

Public testimony, 6:00 pm – 9:00 pm

Thursday, 8:30 am – 5:30 pm

Friday, 8:30 am – 12:00 pm if necessary

Senate Revenue Options Committee

Ted Ferrioli and Joan Dukes as Co-chairs, *Ginny Burdick*, Tony Corcoran, Verne Duncan, *Tom Hartung*, Bill Morrisette, and Charles Starr.

Committee Schedule:

Tuesday, 9:00 am – 5:00 pm

Wednesday, 9:00 am – 5:00 pm

House Special Committee on Budget Prioritization

Susan Morgan as Chair, Alan Bates, Tom Butler, Dan Doyle, *Gary Hansen*, *Carolyn Tomei*, Mark Hass, Elaine

Hopson, Betsy Johnson, Tim Knopp, *Steve March*, *Mary Nolan*, Rob Patridge, *Diane Rosenbaum*, Lane Shetterly, Tootie Smith, Bruce Starr, and Jackie Winters.

Committee Schedule:

Monday, 8:30 am – 4:00 pm

Tuesday, 8:30 am – 5:00 pm

Wednesday, 8:30 am – 5:00 pm

Thursday, 8:30 am – 5:00 pm

Public testimony, 6:30 pm – 9:00 pm

Friday, 8:30 am – 4:00 pm

House Special Task Force on Jobs and the Economy

Karen Minnis as Chair, Alan Brown, Tom Butler, Al King, *Randy Leonard*, Kathy Lowe, Greg Smith, *Patti Smith*, and Joanne Verger.

Committee Schedule:

The committee agenda has not been posted for this committee yet.

For more information on the Special Session Committees and the committee agendas, visit the Oregon Legislature's website at www.leg.state.or.us.

**Board of Commissioners
Special Session Briefings**

The Public Affairs Office briefed the Board of County Commissioners on Thursday, December 6, 2001.

Board members were given a preliminary outline of possible state cuts and their potential impacts to Multnomah County. This information was taken from state agency budget reduction proposals submitted to the Governor. The county's Budget Office and department staff has begun analyzing the potential cuts and how specific programs could be impacted.

Examples of county services and programs that could be potentially impacted include:

- Community corrections funds – impacting the Department of Community Justice and Sheriff's Office
- School-based health clinics
- Adult dental care services
- Mental health planning and services

Other, more indirect impacts were discussed as well.

The county's budget office, departments, and the Public Affairs Office will continue revising state budget cut information.

For more information on the December 6, 2001 board briefing, contact Board Clerk Deb Bogstad at 503-988-3277 or www.co.multnomah.or.us/cc.

**December 18 Board Briefing
Scheduled**

On December 18, 2001, the Public Affairs Office will return to the Board of Commissioners to share updated potential budget cut information and details of the Special Session committees.

Proposed Special Session Talking Points

- Multnomah County has just completed a mid-year rebalance of our budget. Our \$20 million whole was filled by making some significant cuts to important programs, identifying administrative efficiencies, and finding additional revenues.
- As the county embarked on its budget process, a comprehensive public communication plan was organized so that constituents, stakeholders, and government partners could receive information and provide input. It is important that the impacts of state budget cuts on Multnomah County be communicated. (For D caucus members: We appreciated the opportunity to discuss our budget crisis with Senator Kate Brown and Deborah Kafoury.)
- Multnomah County took the same approach that the Governor is taking: no across-the-board cuts. These shortfalls are too significant to simply reduce staff and infrastructure while providing the same services. We cannot afford to "thin the soup" any longer. And we cannot continue to disinvest in our public schools, social services, health care and public safety services. Instead, we must participate in strategic discussions that take the entire system - and our mutual clients - into consideration.
- Throughout the last decade, Oregon, the metropolitan area especially, has witnessed a healthy, robust economy, however, state and local governments have lost the ability to capitalize on these increasing tax revenues. With the passage of Ballot Measures 5, 47, and 50, we have lost a real opportunity to make strides in helping out those who access our services. We are now facing an economic decline like no other in the past 20 years. As we adjust to these changes, we must consider exploring revenue options.
- Multnomah County continues to support efforts to find efficiencies in all of our organizations. Our recent budget rebalance process did just that: an estimated \$4.5 million was restored in restructuring, reorganizing and reprioritizing our operations. We will continue these efforts as we plan for the future.
- The county also supports efforts to expand and diversify our tax base. We will continue to partner with other public and private organizations to strengthen not just our economy, but the quality of life for all Oregonians.

Memo

October 18, 2001

To: Chair Diane Linn and John Rakowitz

From: Gina Mattioda, Public Affairs Office

Cc: John Ball, Laura Bridges, Stephanie Soden, and Becca Uherbelau

Re: Proposed Special Session Strategy

Situation: Governor Kitzhaber and legislative leadership will hold a special session in January to address the state's roughly \$300 million, perhaps more, deficit. The Governor has requested that schools, colleges, and state agencies develop administrative and program reduction plans. His directive is two-fold: (1) Identify administrative cost reductions in two percent increments for a total of 10 percent of the General Fund and Lottery Funds of the Legislatively Adopted (LAB) for administration. These reductions are due to the Department of Administrative Services (DAS) by Friday, October 26, 2001. (2) Identify permanent program reductions in two percent increments for a total of 10 percent of the LAB. These reductions are due to DAS by Friday, November 16, 2001.

Recommendations: State funds make up 30 percent of Multnomah County's budget. It is vital that Multnomah County develop a proactive strategy. This strategy would include both the Chair's Office and Public Affairs Office (PAO) working with key legislative leaders to minimize serious financial impacts to Multnomah County. *I have developed a proposed strategy that I would like to review with you at your earliest convenience.*

Proposed Strategy:

- PAO develop letter from Chair Linn (and perhaps all elected officials, such as county commissioners, sheriff, district attorney, and auditor) to appropriate state representatives and senators articulating Multnomah County's current budget situation.
- Explore the concept of the Chair Linn and the Public Affairs Office meeting with key legislative leaders on county's budget situation and upcoming session.
- PAO work with Chair's Office Chief of Staff and budget office to identify and research potential state cuts to Multnomah County. Develop fact sheets, impact statements, and other communication tools on proposed cuts. The focus of these tools would be to visually illustrate to our delegation how we use these proposed funds/cuts.
- Develop these communication tools with the intent of cultivating media interest.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
Health	1 st 2% (pg 9)	<i>OHP-Health</i> Don't allocate the special appropriation for OHP caseload increase	(\$3,000,000) GF	\$0	<ul style="list-style-type: none"> This should not have a direct financial impact on the Health Department. However, if this results in management actions (on the state level) to control caseload, there will be more uninsured individuals in Multnomah County, negatively affecting individual health, and placing more strain on certain elements of the care delivery system (e.g., uninsured care delivered through emergency rooms).
CFS				These funds would be released by the state on the basis on higher than expected OHP caseloads. Distribution formula not known at this time	No potential of additional OHP allocations based on higher than expected caseloads (i.e. null potential for OHP mental Health system relief in event of unexpected caseload increase). Little impact since this was not anticipated. Potential decrease in CGF for CC+ and indigent meds proportionate to new eligibles if funded.?
ADS				. None	No immediate impact on existing clients.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
Health	1 st 2% (pg 9)	<i>Prescription Drugs - Health</i> Don't allocate special appropriation to allow OMAP to maintain a higher cost reimbursement institutional pharmacies	(\$900,000) GF	\$0	<ul style="list-style-type: none"> No financial impact to Health Department.
ADS	1 st 2% (pg 10)	<i>Senior Prescription Drugs-ADS</i> Eliminate additional discount fund for Senior Prescription Assistance Program	(\$5,016,628) GF	None	No immediate effect on existing clients
Budget Mark C	1 st 2% (pg 10)	Carry forward Tobacco Tax from DHS Closeout	(\$1,075,448) *offset		
CFS	1 st 2% (pg 12)	<i>Developmental Disabilities - DCFS</i> Eliminate funding for adult crisis home for persons w/developmental disabilities	(\$317,124) GF (\$447,030) OF/FF	Unknown	Financial impact unknown. However, this will increase the costs to Regional Crisis program, which currently is under funded
CFS	2 nd 2% (pg 18)	<i>Domestic Violence -DCFS/HD</i> Eliminate Non-Domestic Violence Emergency Assistance Program (DHS notes state: eliminate services to 602 families)	(\$2,057,037) OF/FF	0	This funding is for AFS, it does not flow through the County
Health	2 nd 2% (pg 21)	<i>OHP - HD</i> Use Tobacco Settlement (Master Settlement) funds dedicated for tobacco use cessation, ed., and prevention for GF offset in OHP	(\$5,000,000) GF		<ul style="list-style-type: none"> This reduction would not directly affect the Health Department's Tobacco Prevention & Education Program because this program is funded by Measure 44 (Tobacco Tax) monies. However, loss of this money may cause the State to reassess the way it distributes Measure 44 money. If that happens, we may lose funds. There is no impact on our tobacco evaluation program.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
Health	2 nd 2% (pg 22)	<i>Dental – HD</i> Dis-appropriate GF for fluoridation ed. and assistance to local water	(\$500,000) GF		<ul style="list-style-type: none"> • These funds do not come directly to Multnomah County Health Department (MCHD). • However, this funds a state position that supports a tri-county fluoridation group that we participate on. • The majority of these funds would likely have ended up in the Tri-County area for fluoridation systems. • MCHD supports fluoridation as an effective tool to prevent long-term dental health problems.
Health	2 nd 2% (pg 24)	<i>SBHC - HD/DCFS</i> Eliminate school-based clinics affecting 20 clinics in 11 counties. All 46 clinics would lose technical assistance	(\$1,515,000) GF	\$210,476	<ul style="list-style-type: none"> • The state gives us \$210,476 to support school-based clinics. Without this money, we would have to close one clinic. In addition, we would lose two staff positions, which provide system-wide support.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
CFS	2 nd 2% (pg 25)	<i>Mental health</i> - Don't allocate E-Board funds for implementation of local mental health services'	(\$6,500,000) GF	Distribution was to be based on plans submitted by Counties as mandated in HB3024. It is not possible to specify what individual counties' allocations would have been.	No additional safety net funds, including funds to serve populations specifically mentioned in HB 3024 (children in the child welfare and juvenile justice systems, adults who are frequently incarcerated due to mental illness, and under or unserved adults and children with mental disorders.) Increased pressure on existing safety net services due to increasing numbers of consumers in need related to economy. Affects ADS clients with mental health diagnosis. Without services may end up in acute care systems at higher cost.
CFS	2 nd 2% (pg 26)	<i>Mental health</i> Eliminate mental health consumer advocate program	(\$188,003) GF	Not quantifiable	Would end statewide consumer technical assistance services to adults who are developing consumer based advocacy groups, support networks, and other consumer operated initiatives. OCTA's demise and PR issues.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
Health	2 nd 2% (pg 27)	<i>Safety net – HD</i> Don't allocate E-Board funds for Safety Net Clinics	(\$2,200,000) GF		<ul style="list-style-type: none"> Although the State has not allocated this money, we believe Multnomah County's share would be fairly small. However, this cut would jeopardize the financial health of vulnerable safety net clinics, especially smaller and rural health centers Oregon would lose the opportunity to draw estimated \$3-4 million of additional federal funds. Oregon would lose the opportunity to assume active role in organizing and developing health safety net capacity statewide.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
Health	2 nd 2% (pg 28)	Delayed OHP eligibility (beginning date would be first of month following eligibility)	(\$3,750,000) GF (\$5,545,847) OF/FF		<ul style="list-style-type: none"> Potentially eligible Medicaid-funded clients would not get service for up to one month. This may have a small negative effect on revenues. Some clients who should be seen quickly will not be, and may as a result develop more serious (and more expensive) needs.
CFS				Not quantifiable, but negative effect on safety net mental health funds and E-Hold funds. Increased financial pressure on outpatient and inpatient providers	<p>Increased pressure on safety net funds to cover necessary mental health services until OHP coverage begins; increased cost shifting to outpatient providers for emergency, urgent, and routine services. This cost shifting will have major impacts on providers operating on thin margins and/or serving small volumes of clients. Increased cost shifting to hospitals for ED and psychiatric inpatient services. Increased pressure on E-Hold funds to cover inpatient services during period when individual is not OHP funded.</p> <p>This would also have a significant impact on the ability of OHP clients to quickly access A&D services</p>

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
CFS	2 nd 2% (pg 29)	Eliminate one state operated group home for children w/developmental disabilities. Delay opening of second home until July 2002	(\$ 1,018,643) GF (\$1,435,917) OF/FF	Unknown	The financial impact is unknown. However, the impact to DD would be an increase in children's diversion expenditures - which are not adequate now.
CFS	2 nd 2% (pg 30)	Delay funding for county/regional based quality assurance staff for Medicaid waivers (related to The Staley implementation plan)	(\$1,103,760) GF	\$80,214.	The implementation of the Staley plan will go as planned but there will be a delay in the hiring of the quality assurance position due to the funding delay.
ADS	2 nd 2% (pg 31)	Reduce 2,468 clients from OPI (reduces program by 50%)	(\$2,384,486) GF (\$2,516,588) OF/FF	(\$1,221,979) annually	759 frail clients/month lose services which enable them to live at home (annually 1,371 clients); ADS .8 FTE lost; reduces case management, (the front-line resource for vulnerable, at - risk elders) thus crippling the service system; reduces contractor funds resulting in community job losses.
ADS	2 nd 2% (pg 34)	Eliminate remainder of OPI (removes 1,081 clients)	(\$3,466,084) GF (\$997,614) OF/FF	(\$1,221,979) annually	See above -additional 650 frail clients lose services, using point-in-time State calculations based on biennial figures.
CFS	3 rd 2% (pg 34)	Reduce inpatient / residential problem gambling treatment	(\$142,910) LF	NA	These funds are currently unallocated and are intended to fund a new state wide residential treatment service for problem gamblers. The funding set aside for this service is not adequate even for a regional program thus it is unlikely that these funds would be spent any way.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
CFS LPSCC	3 rd 2% (pg 38)	Don't allocate E-Board funds for mental health planning	(\$1,000,000) GF	Multnomah County Would have received a portion of this \$1,000,000 to do planning related to HB 3024 (as would all other Counties in the state).	Lack of funding to meet planning mandates contained in HB 3024, including populations specifically mentioned in HB 3024 (children in the child welfare and juvenile justice systems, adults who are frequently incarcerated due to mental illness, and under or unserved adults and children with mental disorders.) This planning was to have been the basis of allocations to Counties from the Special E-Board appropriation of \$6,500,000 for safety net services (DHS Cut List p. 26), especially as outlined in HB 3024. Also results in an unfunded mandate for Oregon Counties to do planning as required in HB 3024.
Health	3 rd 2% (pg 39)	Eliminate "enhanced" reimbursement for Type B hospitals (Type B – less than 50 beds and less than 30 miles from nearest hospital)	(\$6,384,012) GF (\$9,441,502) OF/FF	\$0	<ul style="list-style-type: none"> No funds come directly to MCHD.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
Health	3 rd 2% (pg 40)	Remove adult dental coverage from OHP, which would eliminate coverage for roughly 190,000 (would require federal approval)	(\$23,401,459) GF (\$39,833,990) OF/FF	~\$3 million in revenue	<ul style="list-style-type: none"> This would reduce by about half the Health Department's capacity to provide dental services. In total, roughly 50,000 adult county residents would lose dental coverage. In addition, much of the rest of the capacity to serve low-income residents of the county will be eliminated. This would cause a loss of capacity to serve low-income children, even though they retain coverage.
ADS				None	ADS Medicaid clients lose dental coverage (estimated 26,000 elders and persons with disabilities)
Health	3 rd 2% (pg 41)	Require diagnosis be listed on OHP prescriptions and claims that are not funded on the priority list	(\$1,066,608) GF (\$1,577,438) OF/FF		<ul style="list-style-type: none"> This introduces a new administrative requirement, which will take additional provider time. Less time would therefore be available for patient care.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
CFS	3 rd 2% (pg 42)	Eliminate 2nd year Cost of Living Adjustment (COLA) for providers	(\$10,517,258) GF (\$12,841,819) OF/FF	Not quantifiable for mental health services. Estimated to be \$102,480 for A&D services. Estimated to be \$1,227,895 for DDSD.	Increased financial pressure on providers as operating margins become thinner; downward pressure on wages and compensation for mental health professionals, with potential impacts on overall quality of care and ability to recruit specialized and minority-serving providers; and increased staff turnover. For the Alcohol and Drug system this will most impact our subcontract systems' ability to keep pace with their own rising costs and may force them to cut services or moderate plans for staff salary increases which could impact staff recruitment and retention. It should be noted that this would come on top of the County's decision to not provide a COLA for the last two fiscal years. Internally this means that DCFS will not receive COLA increases for .50FTE of our Prevention Specialist in Office of Addiction Services and for the state A&D funds going into the Touchstone program in DCPD.
ADS				None	Developmental Disabilities estimates the COLA for FY02/03 to be 2%, the loss to the division will be at least \$1,227,895. This is 2% of the base allocation for FY02/03 of \$61,394,751. Reduce the availability of long term care community based resources when providers will not accept Medicaid clients because the payment is too low. May increase reliance on nursing homes which are more expensive and not the choice of clients

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
CFS	3 rd 2% (pg 43)	Reduce training for DD providers by roughly 25%	(\$499,348) GF (\$605,056) OF/FF	\$10,680.	Reduction in training funds available to DCFS' DDSD staff and provider community. A 25% reduction is a loss in funding of \$10,680.
Health	4 th 2% (pg 46)	Eliminate remainder of Public Health perinatal and prenatal programs	(\$437,399) GF	\$26,000 Plus \$80,000 if Babies First is included	<ul style="list-style-type: none"> Perinatal - Loss of \$26,000 eliminates perinatal care for 50 clients per year Babies First - ?
ADS CFS	4 th 2% (pg 46)	Eliminate mental health support employment program for 180 clients	(\$1,531,705) GF	None to ADS Not quantifiable	<p>90 clients lose intensive case management services in Multnomah County</p> <p>Reduced mental health rehabilitation capacity, including reduced ability to fully implement recovery model and increased likelihood of consumer decline in functional status/ need for intensive services.</p>
MCCF Health CFS	4 th 2% (pg 48)	Oregon Children's Plan funding for mental health and alcohol and drug treatment (estimated that there are 26,132 firstborns impacted)	(\$11,000,000) GF	Commission on Children & Families is the best source for this number 0	<ul style="list-style-type: none"> This would mean the loss of mental health and alcohol and drug services currently provided through the Nurse/Family Partnership Teams and Family Support Teams <p>None of these funds have been received. Plan was to maintain them at State level for family access. Loss of access to them will impact full implementation of County's early childhood plan</p>

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
ADS	4 th 2% (pg 49)	Eliminate General Assistance Grant Program (2,800 clients)	(\$8,960,169) GF (\$721,315) OF/FF	\$1,301,097 + funding for overhead costs	1,034 clients with disabilities/month lose income for food, shelter, health coverage. ADS loses funding for an estimated 26 positions, using County payroll costs
CFS				Not quantifiable	Decreased subsistence services to vulnerable clients resulting in increased instability and potential crises. Increased pressure on OHP funds and psychiatric intensive and acute care resources.
Health					<ul style="list-style-type: none"> Grant elimination will result in more homelessness, which will have health consequences on this population. A large percentage of General Assistance clients are in Multnomah County.
Health	4 th 2% (pg 50)	Eliminate Medicaid long-term care services for clients in levels 15-17 (3,900 clients impacted – 3,418 are in home clients and 582 are in facilities)	(\$10,831,014) GF (\$18,250,694) OF/FF		<ul style="list-style-type: none"> Many of these individuals (but not all) will lose OHP coverage if they lose long-term care coverage. Since a high percentage have Medicare, the loss of OHP will primarily affect their ability to pay for prescriptions.
ADS				(\$811,738) annually + funding for overhead costs	1,031 clients/month lose long-term care services in home and community-based settings. ADS loses funding for an estimated 16 positions based on County payroll costs

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
Health ADS	4 th 2% (pg 51)	Eliminate Medicaid long-term care services for clients in levels 11-14 (1,200 clients impacted 673 are in home clients and 527 are in facilities)	(\$2,628,828) GF (\$4,316,972) OF/FF	(\$197,435) annually + funding for overhead costs	<ul style="list-style-type: none"> Same as above. <p>275 elders or persons with disabilities lose long term care services in home and community-based settings. ADS loses funding for an estimated 4 positions</p>
CFS	5 th 2% (pg 53)	Reduction in "Adjustment Fund" for outpatient problem gambling treatment services	(\$142,910) LF	NA	These funds are in a reserve pool at the state to be used if Counties exceed their funding cap. We do not expect to exceed our cap for biennium.
Health	5 th 2% (pg 54)	Eliminate STARS and other pregnancy prevention programs	(\$482,239) GF (\$559,917) OF/FF	\$143,000	<ul style="list-style-type: none"> Reduces program by about 60%, eliminating services for 3,600 middle school children. STARS provides service in 16 high schools and 31 middle schools in 6 school districts, 2 of which are in East County (Gresham-Barlow and Reynolds).
CFS	5 th 2% (pg 55)	Eliminate Emergency Assistance for 546 domestic violence cases	(\$4,148,733) OF/FF	0	This funding is for AFS, it does not flow through the County

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
DCJ CFS	5 th 2% (pg 59)	Reduce funding for substance abuse treatment of correctional clients with alcohol and drug issues.	(\$2,686,800) GF	\$466,756	These funds would be cut from the service element that includes subcontracted outpatient treatment and detoxification services. If we spread the cuts proportionately we would experience at least a 10% cut in outpatient service capacity and about a 7% cut in detoxification capacity. Utilization within our outpatient system exceeds its funded capacity. This level of cut could reduce agency's ability to provide the excess funded capacity, which could mean we could see service capacity reductions as high as 25%.
CFS MCSO	5 th 2% (pg 60)	Close Transitional Living Center (TLC) for forensics patients at Oregon State Hospital (currently serves 26 people w/an estimated level of 104 people)	(\$1,875,183) GF (\$48,081) OF/FF		
CFS MCSO	5 th 2% (pg 61)	Reduce outpatient community mental health funds for adults not eligible for Medicaid by 50%, (reduces medication and treatment access for 1,700 clients)	(\$4,761,659) GF	\$900,000 (50% of Full MHS 20 Allocation)	Would reduce funds for mental health outpatient services for indigent, non-OHP clients by 50%. Cuts would result in higher usage of crisis services and acute inpatient services, as well as cost shifting to other areas of the mental health system. Would also result in significantly increased likelihood of adverse or critical incidents.

State Department of Human Services 11/29/01 List

Responsible Party	Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
ADS	5 th 2% (pg 62)	Eliminate medically needy program for 7,490 clients (all clients are either elderly or disabled clients)	(\$17,263,980) GF (\$36,175,000) OF/FF	(\$673,269) annually + funding for overhead costs	1,210 elders or persons with disabilities who have high medical expenses lose limited health benefits. ADS loses funding for an estimated 14 positions, using County payroll costs
CFS				Unknown	Need additional information, left message at the State to assess which DD consumers this affects. No reply yet
Health	5 th 2% (pg 63)	Eliminate OHP coverage for a portion of the adult/couple population, by decreasing the upper limit for income from the current 100% of FPL	(\$21,091,722) GF (\$35,364,661) OF/FF		<ul style="list-style-type: none"> Under this reduction, a significant number of Multnomah County residents can be expected to lose OHP coverage. See impact statement from DHS document.

Public Safety

Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
Department of Corrections	10% reduction in GF = \$8,616,479,920			
Sheriff/DCJ/LPSCC	Pro-rated elimination of 3.5% COLA (inflation) rate (or \$4,586,750) calculated into DOC community correction funds.	\$195.5 million allocated statewide for 2001-03	\$61,504,115 allocated for county	<p>\$1,551,660 million reduction in funds:</p> <ul style="list-style-type: none"> • \$1,011,500 for DCJ • \$530,200 for Sheriff • \$9,950 for LPSCC <p>Opt-out clause could be triggered</p>
Sheriff/DCJ	<p>Early release of 1,600 DOC inmates statewide due to potential closure of 6 minimum-security prisons</p> <p>370 layoffs at DOC</p>	<p>\$36,092,504 in savings</p> <p>(\$5,510,235 would be allocated to those communities)</p>		An estimated 500 inmates would be returned to the county, impacting the jails. Of these, approximately 20-30% would be added to DCJ's specialized caseloads (i.e., sex offender, gang, and mental health).
Sheriff/DCJ	Parole high-cost medical inmates	<p>1st 2% = \$100,000 savings</p> <p>1st and 2nd only</p>		
Oregon Youth Authority	10% reduction in GF = \$22,946,828			
DCJ	175-275 close custody bed reductions	Each 2% would save \$2.1 million, totaling \$11.9 million at 10%	County generally comprises 30% of OYA's close custody beds	If the maximum number of beds are cut (275), the number of beds available for Multnomah County youth would be reduced by an estimated 10-20%.
DCJ	2-10% reduction in Gang Transition Services program funding		\$2.7 million was allocated to Multnomah Co. for 2001-03 biennium	A 10% cut would result in a \$271,042 to \$315,000 cut in DCJ's gang transition services.

Public Safety

Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
DCJ	2-10% reduction in county diversion funds	Each 2% = \$207,895	An estimated \$1.5 million was allocated to Multnomah Co. for 2001-03 biennium	A 10% reduction would result in a cut of \$151,828, impacting supervision of juveniles on probation and eliminating juvenile court counselor positions.
DCJ	2-10% in state juvenile crime prevention (JCP) funds	Each 2% = \$245,523	DCJ received \$4,796,054 for the biennium	A 10% reduction would result in a \$479,605 cut, severely impacting mental health services in detention. Also, the number of juvenile court counselor positions would be cut and community provider shelter beds would be reduced.
Department of Justice				
District Attorney	Reductions in witness fees beginning FY 03	1 st 2% and 2 nd 2% levels proposed		Each 2% = \$32,000 impact to DA's office, totaling \$64,000.
District Attorney	Reductions in DA salary supplement payments	2-10% is proposed		A 10% reduction would amount to an \$86,000 impact.
Office of Alcohol and Drug Abuse Programs (DHS)				
DCJ	Eliminate funding of 600 statewide A&D clients statewide (approximately 17% of non-OHP cases)			Does not directly affect revenues for DCJ, but would reduce access to treatment for DCJ clients. Funding for outpatient treatment would decline.

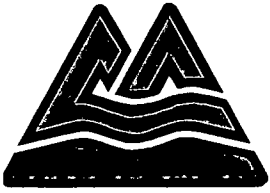
Indirect Cuts

Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County
Oregon Department of Transportation	10% reduction in GF = \$4 million			
ADS	10% reduction in the Public Transit Division, which houses the Senior & Disabled Transportation grants, however these grants held harmless.	\$200,000	Indirect cut	The proposed elimination of \$200,000 in Oregon Transportation Network could affect the tri-county's chances for receiving Senior & Disabled fund based on population and needs.
DSCD/Transportation	4 th 2% cut: Elimination of one train between Portland and Eugene in Jan 03	\$1 million	Indirect cut	ODOT and regional transportation partners will lose federal matching funds. Expensive to restore service.
DSCD/Transportation	5 th 2% cut: Elimination of one train between Portland and Eugene in Aug 02	\$1 million	Indirect cut	ODOT and regional transportation partners will lose federal matching funds. Expensive to restore service
Oregon Housing & Community Services	10% reduction in GF = \$1,614,642			
DSCD/Housing/	Reduce # of farmworker housing units by 137	Reductions as a result of shifting \$1.3 million from Housing Development Trust Fund from GF to OF.	Indirect cut	
DCSD/DCJ	Reduce # of transitional housing units for ex-offenders by 66		Indirect cut	
DSCD/Housing	Eliminate Emergency Housing Assistance Discretionary Grant Program (\$322,929)			Sacrifices funding of short-term gaps of local homeless programs and reserves for state emergencies (ie, drought, floods)

Indirect Cuts

Assessment and Taxation

Dept. Level	Proposed Cut	State Funding Portion	Funding Portion to Multnomah County	Impact to Multnomah County	
Department of Revenue					
DSS/A&T	Discontinue paying counties to collect taxes – (submitted as an alternative plan)	\$5 million	\$400,000 per year		



MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS

501 SE Hawthorne, Suite 600
PORTLAND, OREGON 97214
(503) 988-3308
(503) 988-5440 (FAX)

DIANE M. LINN • CHAIR
MARIA ROJO DE STEFFEY • DISTRICT 1
SERENA CRUZ • DISTRICT 2
LISA NAITO • DISTRICT 3
LONNIE ROBERTS • DISTRICT 4

Dear Multnomah County Legislator:

As the Oregon Legislature prepares to convene in special session, we hope you can take some time to consider the impact of potential budget cuts on your constituents who rely on Multnomah County services.

As you know, the state relies on the county to provide a wide variety of services to our collective constituents. Over 30% of Multnomah County's budget comes from the State of Oregon. We have conducted a preliminary analysis of the possible cuts identified by state agencies, particularly DHS and the Department of Corrections. The following are just a few examples of the potential impact of those cuts to Multnomah County:

- Loss of Oregon Project Independence services that enable roughly 1,400 frail/elderly clients to live at home.
- Loss of adult dental care for 50,000 county residents.
- Loss of \$26,000 in state funds for public health prenatal and perinatal programs, which could result in Multnomah County's health department losing more than \$300,000 in federal funds for home nursing visits.
- Loss of employment support services for 90 mental health clients.
- Loss of income for food, shelter, and health care for 1,034 clients if the General Assistance Grant Program is eliminated.
- A 10% cut in outpatient service capacity, and a 7% cut in detoxification capacity, for substance abuse treatment of community corrections' clients with alcohol and drug issues.
- Return of an estimated 500 inmates to the county from the closure of state minimum security prisons. Approximately 20-30% would be added to the Department of Community Justice's specialized caseloads, including sex offenders, gang members, and clients with mental health issues.
- As much as a 20% cut in beds available for Multnomah County youth, resulting from Oregon Youth Authority cuts.

Multnomah County has just completed a mid-year rebalance of our budget. As we began this budget process, a public outreach plan was organized so that constituents, stakeholders, and government partners could receive information and provide input. We appreciated the opportunity to discuss our budget situation with Representative Deborah Kafoury and Senator Kate Brown.

We were able to fill much of our \$20 million shortfall by identifying administrative efficiencies and finding additional revenues. But we were also compelled to mothball a county jail and reduce funding for the county library. We managed to avoid cutting services to the most vulnerable members of our community. However, we are in no position to 'backfill' any state cuts affecting those services with county general fund revenues, particularly now that the weakened economy is beginning to take a toll on projected property tax revenues and business income tax revenues.

We appreciate the approach that the Governor is taking – the same approach that we took: no across-the-board cuts. These shortfalls are too significant to simply reduce staff and infrastructure while providing the same services. We cannot afford to "thin the soup" any longer. Instead, we must engage in strategic discussions that take the entire system, and our mutual clients, into consideration. We believe that attention to revenue options needs to be part of those discussions.

We look forward to an open dialogue with our legislative delegation as the Special Session proceeds. Our legislative liaisons, Gina Mattioda (phone: 503-988-5766 and pager: 503-202-5321) and Stephanie Soden (phone: 503-988-6045 and pager: 503-921-4617), will be monitoring activities in Salem. Please do not hesitate to consider them as resources for your county's perspective.

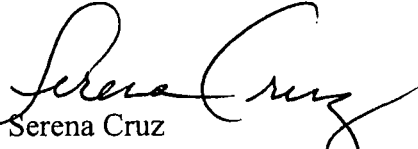
Sincerely,



Diane M. Linn
Chair, Board of Commissioners



Maria Rojo de Steffey
Commissioner, District 1



Serena Cruz
Commissioner, District 2



Lisa Naito
Commissioner, District 3



Lonnie Roberts
Commissioner, District 4

cc: Governor John A. Kitzhaber, M.D.
Senate President Gene Derfler
Speaker of the House Mark Simmons
Multnomah County District Attorney Michael Schrunk
Multnomah County Sheriff Dan Noelle
Multnomah County Auditor Suzanne Flynn
Multnomah County Public Affairs Director Gina Mattioda
Steve Marks, Office of the Governor
Olivia Clark, Office of the Governor

MATTIODA Gina M**From:** elowe [elowe@teleport.com]**Sent:** Monday, December 17, 2001 10:42 AM**To:** HSCO@yahoogroups.com**Subject:** [HSCO] State News - StatesmanJournal.com

Another article issuing us a challenge to tell it like it is. Ellen

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State News

Monday, December

Increasing taxes is dicey budget proposal

Voters who don't want services cut but also don't want taxes raised puts lawmakers in tough spot.

STEVE LAW

Statesman Journal

December 17

Oregonian's state and local taxes have sunk to sixth-lowest among states as a share of personal income, new U.S. Census figures show. And Oregon's ranking could fall closer to the bottom when two already-approved tax cuts kick in for corporations and upper-income earners.

Nevertheless, raising taxes — even temporarily — remains anathema to lawmakers as they agonize over a \$710 million state budget shortfall and the deep cutbacks it may require. Even advocates for higher spending are skeptical a tax increase can be passed to bail the state out of its fiscal crisis, as was done in 1982.

"We're where Alabama, Mississippi and Arkansas used to be, but I'm not sure the public realizes that," said Ozzie Rose, a longtime lobbyist for school administrators. "Until the people have a different set of views, you're not going to find many politicians running out to talk about tax increases or other ways to solve the problem."

Across the nation, it's the same story. More than 40 states face budget deficits, yet few governors or legislatures are even broaching the idea of tax increases.

"Nearly all the discussion is focused on adjustments to spending, or tapping reserve funds," said Arturo Perez of the National Conference of State Legislatures, who compiled a new report on state responses to budget woes. "It's been a surprisingly low number of states that have even floated a revenue enhancement to deal with the budget situation," Perez said.

Oregon was high-tax state

When Oregonians passed the Measure 5 property tax reduction in 1990, state and local taxes per person ranked 20th highest among

What's next

Gov. Kitzhaber will present a rebalanced state budget to the Legislature the of Jan. 7. The go said he plans to legislators back Salem in early February for a session to eliminate budget shortfall approaching \$90 million.

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the states. Taxes as a percent of personal income ranked 16th highest.

New Census data shows Oregon state and local taxes per person fell to 34th in the nation in 1999. Taxes as a share of income dropped to 46th. Because the survey also includes Washington, D.C., that means only five states had a lower tax burden when compared to income.

The 1999 figures do not include Measure 88, passed by voters last year, which will lower state income taxes for affluent Oregonians. Nor do they include a tax break for corporations with substantial Oregon operations, passed by the 2001 Legislature.

Citizens in most other states pay for public services in small increments every time they go through a cash register, said Rep. Lane Shetterly, R-Dallas, the leading tax authority in the House of Representatives. Conversely, people in sales-tax-averse Oregon notice hefty sums taken from each paycheck, and on their yearly property tax statements.

"It feels like a lot," Shetterly said. "Public perception is that Oregon is a high-tax state. As long as that perception is in the public, it's going to be difficult at the legislative level to propose a tax increase."

And voters notice, he added, when development fees and other assorted charges are levied to compensate for tax reductions.

Other states are avoiding tax increases now because they have rainy-day funds, said Sen. Tony Corcoran, D-Cottage Grove. Oregon doesn't have that luxury. It's one of only three states lacking a reserve pot of money for emergencies and economic downturns.

Republican support crucial

Yet Corcoran, who supports more taxes, knows it will require substantial support from Republicans, many of whom ran on no-new-taxes pledges. Tax increases in Oregon now require a 60 percent supermajority in the House and Senate, and Republicans hold majorities in both chambers.

"We need some signal from the so-called moderate Republicans," Corcoran said. "It's their show. None of us want to push the Republican leadership until they're ready to move."

It might be helpful to think of lawmakers' options like a contestant on the "Let's Make a Deal" TV show.

Behind Door No. 1: budget cuts.

Behind Door No. 2: tobacco settlement money and other untapped dollars held in reserve

Behind Door No. 3: tax increases and other new revenues.

Lawmakers are focusing on Door No. 1, but deep cuts in schools and human services could prove an unwise choice for lawmakers about to hit the re-election campaign trail.

Door No. 2 is likely a safer option with voters but arguably the most

planned projects

- Education officials
testify against budget
cuts

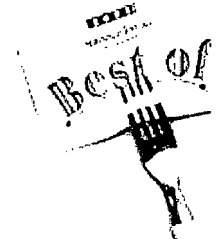
- Business
representatives
out on economy

- State shortfall
climbs to \$900 million

- Kitzhaber: Tax
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- People try to
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fiscally irresponsible. There's about \$400 million in tobacco settlement cash, untapped Medicaid money and other unallocated funds. But Gov. John Kitzhaber and others argue spending all that money makes for an even-bigger problem in a year. That's when lawmakers return for the 2003 session to write a 2003-05 budget, now projected to have a \$1 billion shortfall.

That leaves Door No. 3, the riskiest choice where lawmakers might lose it all — their seats. Though it may not play well with voters, it helps avert cuts to vital services that could worsen Oregon's economy and drive up future public service costs, some legislators say.

Spending cuts come first

History, and the experience of other states, suggests lawmakers will start with Door No. 1 and cut spending. Only then can they justify going to Doors No. 2 and 3.

"Before we even go there (raise taxes), we have to demonstrate that we looked under every rock, and looked for every kind of savings that we could possibly attain," Shetterly said.

Legislative leaders in both parties have vowed to keep an open mind about taxes. Yet some conservative lawmakers appear reluctant to support any tax increases.

Sen. Steve Harper, R-Klamath Falls, cheered the news that Oregonians' tax burden fell to 46th as a share of income. As long as government operates as a monopoly, he said, citizens won't trust it to operate efficiently.

"You wander around my neighborhood and everybody is taking a hit," Harper added. "My friends aren't in any mood to not have the government share the pain."

Even if lawmakers muster 60 percent majorities for tax measures, Shetterly cautions that solutions must have voter support as well. It would be foolish to rebalance the budget with a tax increase that anti-tax forces can send to the ballot and overturn, Shetterly said.

Bill Sizemore of Oregon Taxpayers United has vowed to gather signatures to put any general tax increase before voters. However, Sizemore has hedged about whether he'd oppose cigarette and alcohol tax increases.

Some lobbyists for human services and public schools are hoping public opinion might shift as people see the human cost of cutbacks. Others are looking to higher taxes and fees but are resigned to push for cigarette and alcohol tax increases rather than bigger-ticket solutions.

Others, like Ozzie Rose, are banking on using the reserves behind Door No. 2. "Short term, I'm hopeful there's enough political discussion and political will to use the things that are on the table, and get us through the next two years," Rose said.

Yet he realizes that depleting those reserves will make the next Legislature's job even harder, putting off rather than solving the

state's budget dilemma.

Steve Law can be reached at (503) 399-6615.

Oregon's taxes

Where Oregon taxes rank among the states, according to the U.S. Census Bureau.

State and local taxes per person

1999: 34th highest

1990: 20th highest

State and local taxes as a percent of personal income

1999: 46th highest

1990: 16th highest

Income taxes paid per person

1999: Fifth highest

1990: Sixth highest

Property taxes paid per person

1999: 31st highest

1990: Seventh highest

*Includes Washington, D.C.

OTHER ARTICLES FROM DECEMBER 17

Today's News

- Amtrak's troubles, state cuts threaten train travel
- Congress to vote on Amtrak's restructure
- Amtrak board: Ridership down not up after Sept. 11
- Marion County pulls out of data deal with Salem
- Snowplow driver injured in fall
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- Deepwood Estate offers Victorian Christmas
- Sharing the Season: Youth center to serve dinner
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- Congress commits money to fighting meth
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- Superman's Daily Planet shaped editor's dreams

State News

- 500 protesters march against Afghan war
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-

Business News

- Stores take panes to lure buyers with displays
- Oregon takes slow approach to energy deregulation
- In brief
- Local openings
- Agenda

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- Reflect variety in annual
- Bush on nuclear power-trip

Things look different here

Oregon leads the nation into recession, schools face cuts and teachers suggest more gambling and drinking

If you weren't discouraged by the first hearings on Oregon's budget crisis, you must have missed the state's schoolteachers asserting that the solution is gambling, drinking and raising more money from smoking.

Perhaps you didn't catch the business leaders who said one answer was lower taxes, which would deepen the state's \$710 million deficit, and another was loosening those pesky land-use laws that protect farm lands and forests in Oregon.

And maybe you didn't hear leading legislators say the state shouldn't even consider raising revenue, declaring this before they heard a word of testimony about how proposed budget cuts would whack away at schools and universities and services to troubled kids, poor families and the elderly.

The New Year will begin with Gov. John Kitzhaber releasing a rebalanced budget containing \$900 million in potential cuts in state services. That document will make it abundantly clear that lawmakers cannot show up for a special session in February carrying nothing but knives and scissors to cut their way to a balanced budget. If they still try, they will wound thousands of innocent bystanders.

If last week's hearings did nothing else, they should have warned legislators that it will require more revenue — either new taxes, or untapped pots of available money, or both — to balance the budget.

Department leaders described to lawmakers proposed cuts in 2 percent increments; in nearly every hearing, when cuts topped 4 percent, legislators began seeing proposals that were unwise and unsafe for Oregon.

Make no mistake, the governor and lawmakers must cut significantly to balance Oregon's budget. No program can be entirely spared — not even public

schools.

Education makes up nearly half the state budget. It cannot be sheltered from all budget cuts without devastating other human services.

But Oregon must not cut too deeply into schools and other critical services. In the hearings, lawmakers learned that 6, 8, and 10 percent cuts would force the early release of inmates from Oregon prisons. Push dozens of state police off the highways. Leave the most vulnerable Oregonians — single parents, the elderly, the handicapped, the mentally ill — without an adequate safety net. Drive up the school dropout rate, hurt student achievement, damage our universities and shove thousands of people from community colleges.

The reality is lawmakers must cut and paste to fill the hole in its budget. The job requires more revenue, either from existing but unused pots of money, such as the tobacco settlement, or new, temporary taxes.

The state shouldn't expand the lottery or sell package liquor on Sundays, as the Oregon Education Association proposed, but it should raise liquor taxes to the national average, or higher, and take some or all the \$75 million the lottery is holding to buy new games.

There's time to take a long, careful look at all the options.

Elected officials would be wise to keep their powder dry, rather than prematurely shoot off their mouths about how they won't, under any circumstances, consider new taxes or spending cuts in public education.

Perhaps the only good news to come out of a grim week of budget hearings at the Capitol was the announcement that lawmakers wouldn't meet again on budget issues until after Christmas.

You can count this among your holiday blessings.