



Date: February 10, 2012
To: Senate Finance and Revenue Committee, Chair Burdick and Members
From: Laurie Wimmer, OEA Government Relations
RE: *SJR 202 [Sustainable Revenue/Spending Plan]*

On behalf of OEA's 45,000 members, it is my pleasure to testify today in support of SJR 202, which inventively revises the way Oregon's kicker is calculated, constitutionalizes the general-purpose rainy-day fund, and stabilizes General Fund resources over the long term.

Our association has long supported plans to develop adequate reserves to hedge against economic downturns and to protect vital services during those lean years. We have had to cope with tremendous losses to public education in the Great Recession and its aftermath because our state reserves have not been sufficient to perform this function. Riding the fluctuations has been hard on our system, our educators, and most of all, our students. We thank Senators Burdick and Morse for crafting a proposal that would, if voters approve, minimize such economic trauma in the future.

We also think that it makes sense to base the so-called "excess" revenue calculations – commonly referred to as the kicker – on a true measure of economic growth: Oregon's personal income. By riding the tide of our citizens' actual prosperity, rather than defining "excess" in terms of the error rate of economic crystal-ball-gazing, the state budget can be aligned with Oregon's economic health, just as we do with our statutory spending cap.

By embedding the plan in Oregon's constitution, we believe that this remedy for Oregon's instability will be durable and enduring.

Finally, the proposal is structured to avoid the "ratcheting" effect that immortalizes the cuts in bad times and blocks recovery in good times.

For all these reasons, we are confident that the proposal is sound. Our only concern today is one of timing. It is our belief that a proposal of this scale merits a longer conversation with Oregon voters before it is put to its ultimate test on the ballot. We know from many years of experience with ballot measures that complexity leads to voter confusion and mistrust. This good plan deserves to have the time it will take to make its way around the state before asking voters to approve it.

Nevertheless, we see today's hearing as a beginning of a new conversation on the best way to stabilize our finance system, which is half of our twin goals of "stable and adequate" funding for public education. Again, our thanks to the bill's authors and this committee for taking this first step, and we look forward to subsequent activity in the development of this concept and a partnership with others who support responsible state finance and sustainable revenue planning.