

It Ain't No "Rainy Day Amendment"
*The Measure 48 TABOR proposal would make recessions worse
and undermine any rainy day fund that the Legislature might create*

by Michael Leachman and Chuck Sheketoff

Oregon's TABOR proposal – Measure 48 – would place an arbitrary spending growth scheme in Oregon's constitution. Although proponents refer to it as the "rainy day amendment," Measure 48 does not create a rainy day fund. By including unemployment insurance in the scheme, Measure 48 would make recessions worse and undermine any rainy day fund that the Legislature may later create.

Had Measure 48 been in effect in Oregon during the last recession:

- Four out of every five dollars of the increase in spending promised under the limit would have been spent on unemployment benefits, forcing schools, health care, and other public services to shoulder deeper cuts.
- State services for which demand rises in recessions, such as the Oregon Health Plan, would have been incapable of keeping up with rising needs.

These cuts would have happened even if Oregon also had a rainy day fund, because unemployment spending uses most of the allowable increase, and spending from a rainy day fund is also limited by the Measure 48 TABOR scheme.

Measure 48 is modeled on Colorado's "taxpayer bill of rights," commonly referred to as "TABOR." Last November, Colorado voters suspended use of TABOR for five years after Republican Governor Bill Owens, business leaders, and the state legislature agreed that TABOR was damaging Colorado's universities, health care system, road maintenance, and other crucial public services.

Like Colorado's TABOR, Oregon's Measure 48 restricts spending growth to population growth plus inflation, an unsustainable level that would force deep and unpopular cuts in schools and other public services no matter how well the economy performs.

If Measure 48 had passed in 1990:

- Oregon would have had to cut \$7.3 billion (24 percent) from the current 2005-07 budget cycle.
- The cut would be equivalent to eliminating all state funding for K-12 education, all state funding for Oregon Health Plan payments, all state funding for the Department of Corrections including all state funding for prisons, and all state funding for services provided by the Department of Agriculture, the State Police, and the Department of Environmental Quality, combined.