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**Governor Lays Out Wrong Strategy for Tackling the Revenue Shortfall
Statement by OCPP executive director Charles Sheketoff**

Governor Ted Kulongoski's "three year fiscal strategy" announced today threatens to aggravate the recession and the state's fiscal condition as it undermines President Barack Obama's effort to maintain state government spending.

The President's stimulus plan signed into law earlier this week is designed to maintain, and if possible enhance, state spending to help pull the nation out of the recession. Yet, the Governor proposes to spend only a portion of the stimulus money that's available to spend on education and other public services this biennium. The Governor is choosing to cut spending on services that President Obama's stimulus funds were designed to maintain.

Equally troubling is the Governor's threat to veto any proposal to tap Oregon's two reserve funds. On March 16, 2007, when he signed the legislation creating Oregon's rainy day fund, the Governor said, "Today we have built a roof over our heads and when the next economic storm comes, we'll be ready." He added, "we will continue to provide vital services, and we will have fulfilled our most solemn obligation as elected officials to the protect health, safety and future of the people of Oregon."

Today's veto threat and decision to seek \$350 million in cuts this biennium breaches that solemn obligation.

We acknowledge and respect the Governor's desire to act prudently with the reserves and federal funds, but the strategy he has outlined threatens to aggravate the recession and the state's fiscal condition. The President and leading economists know that the way out of a recession is to maintain spending and that cutting spending only worsens the problem.

We respectfully call on the Governor to reconsider the strategy he outlined today and make good on his comments from two years ago. The downturn is here and full protection is what Oregonians need right now, not just to help them cope with the recession but to make sure that the downturn does not get worse.

The Governor also needs to recognize that our revenue problems need to be addressed with revenue solutions. Legislators and the public are looking to him for leadership on that issue. Sadly, his fiscal strategy was silent about revenue options.