

For Immediate Release

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Statement by Charles Sheketoff, executive director, OCPP, on the September Oregon Economic and Revenue Forecast

Today's revenue forecast should be cause for concern for legislators and voters alike.

The 2007 legislature budgeted a \$184.2 million ending balance as a cushion against forecasting errors and uncertainties, most of which (about \$140 million) was slated to be deposited in the newly created Rainy Day Fund after the end of this budget cycle.

Now, with 10 months to go in the two-year budget period, the projected ending balance is down to a meager \$23.8 million. That's below the low forecast at the beginning of the February special supplemental session. The \$23.8 million ending balance is cutting it too close for comfort and sadly means Oregon's Rainy Day Fund will not grow as fast as hoped. General Fund revenues are projected to be down \$160 million from the close of session forecast.

Today's economic and revenue forecast now projects Oregon's economy will not recover until late 2009. Coupled with today's projected \$23.8 million ending balance, the need for the 2009 Legislative Assembly to enact a more significant revenue source for the Rainy Day Fund is more evident than ever before. It would be fiscally irresponsible to do nothing about this.

The forecast also shows that next biennium, the 2009-11 budget cycle, Oregon will have \$292 million less than the 2007 legislature thought would be available to spend. That decline, while small, is not insignificant and will not go unnoticed as the Governor and the 2009 legislature prepare the budget.

Today's forecast should give voters another reason to vote "no" on Measure 59, which would force major cuts in Oregon's public structures while cutting taxes for only about one out of four households. Virtually all of the funds would go to Oregonians who are already well off, and the budget cuts it would precipitate would wreak havoc on popular programs.

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