



# NEWS RELEASE

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**For Immediate Release**  
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## **FEDERAL AID CUTS WOULD UPSET STATE BUDGET AGREEMENT** **ADVOCATES UNITE IN PROTECTION OF OREGON BUDGET AND IN OPPOSITION TO** **PROPOSED DOMESTIC CUTS UNDER CONSIDERATION NEXT WEEK**

SILVERTON –Oregon’s unanticipated \$200 million revenue increase, the basis for a budget agreement reached Thursday between Oregon Senate and House leaders, will be more than offset by cuts in federal aid if Congress approves the Administration’s proposed budget for next year, according to a new analysis by the Oregon Center for Public Policy (OCCP). Congressional budget writers are making decisions next week on the Administration’s budget proposal.

“The Administration’s proposed cuts in aid to Oregon over the next two years will easily exceed the additional \$200 million in state revenues that formed the basis for the budget agreement reached earlier this week,” said Janet Bauer, federal budget coordinator at the OCCP. While the exact amount of federal cuts for Oregon is impossible to predict, the OCCP estimates that it will exceed \$230 million.

The OCCP’s analysis finds that over the next two years, the Administration’s proposed budget would cost Oregon \$184 million in federal aid for important domestic “discretionary” programs. The cuts would hit support for K-12 education, public safety, child nutrition, environmental programs, and community development. The cuts would exceed Oregon’s revenue boost because the Administration’s budget would also cut funding for the Oregon Health Plan, Food Stamps, and other non-discretionary programs.

Oregon’s state economist announced late last month that an improving economy had generated an additional \$200 million to projected General Fund revenues for the next two-year budget cycle. Those funds were integral to the budget agreement reached yesterday.

“Congress has the power to assure that the benefits of Oregon’s improving economy are not undermined by cuts in federal supports for the states,” said Bauer. “Let’s hope last Friday’s good news will not sound hollow to Oregonians

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a few months from now when the federal cuts hit Oregon's schools and communities."

In response to the OCPP analysis, Oregon advocates for human services, public safety, education, and the environment joined together to call on Oregon's Congressional delegation to protect the state from deep federal aid reductions.

"We may not all agree on how the \$200 million from Oregon's latest revenue forecast should be spent," the groups said in a joint statement. "But we all agree that Oregon will lose even more if Congress slashes federal resources to the states as much as the Administration has proposed." The groups are looking to Oregon's congressional delegation, and in particular Senators Gordon Smith and Ron Wyden, "to resist erosion of Oregon's tenuous fiscal condition."

Under the Administration's proposal, in the next two years federal support for K-12 education will fall by \$13 million, compared to current funding adjusted for inflation. The Administration's budget includes reductions in programs funded under the No Child Left Behind Act and would likely produce even deeper cuts in funding for Oregon's schools in subsequent years.

"Cuts in federal aid to education will impact the Oregon economy in both the short and long term," said Kris Kain, President of the Oregon Education Association. "The withdrawal of workforce training resources will harm the present Oregon recovery. And reduced investment in primary and secondary education for school improvement strategies, the disadvantaged and special education almost always result in greater costs to society in later years," she added.

Ellen Lowe of the Oregon Law Center said federal cuts would pose an enormous strain on a state already struggling to provide essential social services. "If the current proposal is enacted, Oregon will immediately have to take Food Stamps away from thousands of working Oregon families," Lowe said. "This would be a serious setback for Oregon's campaign to reduce hunger."

Under the Administration's proposal, cuts to the Medicaid program would deepen through time. By 2010, the state would lose \$47 million for its Medicaid budget, an amount enough to provide health care for about 16,000 children or about 3,700 seniors. Nearly a million Oregon adults and children went without health insurance at some point during 2002 and 2003. Contraction of the state budget in recent years has eliminated health care for many of the families the Oregon Health Plan was designed to assist.

"Rather than responding to the rising numbers of uninsured with an additional federal commitment, the Administration's proposal seeks to further reduce

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federal support for Medicaid in Oregon,” according to Jessica Stevens, Co-Chair of the Human Services Coalition of Oregon.

Based on a preliminary analysis of the proposed FY 2006 budget, some of the most successful public safety programs are on the chopping block, including the Community Oriented Policing Services (COPS) Program and the Justice Assistance Grant (JAG) Program. These initiatives have strengthened the basic capabilities of law enforcement agencies. The Administration’s budget would cut funding for the COPS program by 80 percent and eliminate the JAG Program.

“Federal programs to Oregon have enabled local law enforcement agencies to reduce domestic violence and to improve drug enforcement activities. These cuts, coupled with proposed cuts to drug, alcohol, and mental health treatment will erode our progress on these fronts,” said Representative Chip Shields, House District 43 in Portland.

“Federal funding that previously helped Oregon build prisons is at risk, making even more stark Oregonians’ need to choose between building prisons and educating our children,” Shields added.

Environmental protection and natural resource programs, including the national park system, would also face major cutbacks over the next five years, with the reductions reaching 23 percent by 2010. The budget would cut support for clean water projects, ocean and coastline restoration, and public transportation through Amtrak.

“At a time when Oregon is struggling to fund the basic programs that protect our air, water and public health, it is unconscionable that this Administration would cut critical federal support, making it even harder for the state to do its job,” said Matt Blevins, Legislative Affairs Director for the Oregon Environmental Council.

Congressional budget committees are scheduled to begin marking up and sending budget resolutions to the full House and Senate next week.

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[The Oregon Center for Public Policy](#) uses research and analysis to advance policies and practices that improve the economic and social opportunities of low- and moderate-income Oregonians, the majority of Oregonians.