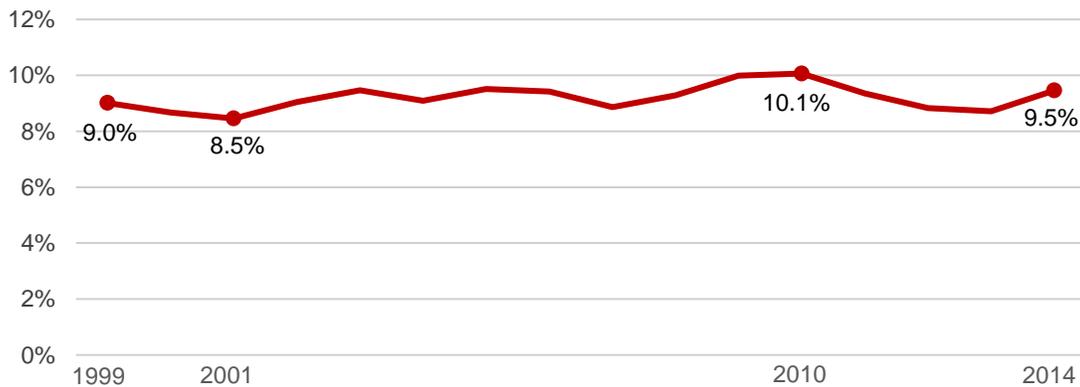


Oregon Spending Level Is Flat

Oregon's spending of state dollars has changed little over the past 16 years. This is evident when one compares state spending to a measure of the total income earned by Oregonians.¹

Oregon's spending of state dollars as a share of total state personal income has fluctuated within a narrow margin over the 16-year period following the implementation of Measures 5 and 50 — which limited property taxes and shifted the main funding responsibility for schools from local governments to the state budget.² From 1999 to 2014, state budget spending ranged from a low of 8.5 percent to a high of 10.1 percent as a share of Oregon personal income.³ Over those 16 years, state budget spending averaged 9.2 percent. In 2014, the share stood at 9.5 percent.

Oregon state spending as share of income flat over time



Share of own-source General Fund expenditures between fiscal years 1999 and 2014.
OCPP tabulations based on data from U.S. Census Bureau.

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The state budget reflects the extent to which Oregon invests in Oregonians. More than 90 percent of the budget goes to three things: education, health and human services, and public safety.⁴ These services benefit all Oregonians by improving the quality of life and business climate. Regrettably, Oregon has underinvested in these key services. Public schools, for example, have not recovered from the devastating impact of property tax changes in the 1990s.

As Oregon lawmakers grapple with how to address a \$1.6 billion budget funding gap, it is important that they recognize Oregon's spending level has been essentially flat for quite some time.

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Endnotes

¹ By “state spending,” this paper refers to own-source General Fund revenue and analyzes that figure as a share of Oregon personal income. For an explanation for using total personal income as the denominator, see “Methodology notes” in *Oregon: Below Average on Taxes, High on Fees*, Oregon Center for Public Policy, February 2, 2016, available at <http://www.ocpp.org/2016/02/02/iss20160202-oregon-taxes-below-average-fees-high/>.

² Measures 5 and 50 were enacted by voters in 1990 and 1997, respectively, and “caused a substantial shift in funding from local property taxes to the state general fund.” See *K-12 and ESD School Finance: State School Fund Distribution*, Legislative Revenue Office, Research Report # 3-04, July 2004, available at https://www.oregonlegislature.gov/lro/Documents/rr3_4_k12esd_schoolfinanceSSF_dist.pdf.

³ Data from Annual Survey of State and Local Government Finances, U.S. Census Bureau, available at <https://www.census.gov/govs/>. The most recent year with available data is 2014.

⁴ *Oregon’s 2015-17 Legislatively Adopted Budget General Fund/Lottery Funds – Summary*, Legislative Revenue Office, October 2015, available at <https://www.oregonlegislature.gov/lfo/Documents/2015-1-LAB-Summary15-17.pdf>.