

SPEECH BY GOVERNOR VIC ATIYEH
MESSAGE TO 3RD SPECIAL SESSION
61ST LEGISLATIVE ASSEMBLY
HOUSE OF REPRESENTATIVES CHAMBER
FRIDAY, SEPTEMBER 3, 1982, 10:00 A.M.

PREPARED TEXT

PRESIDENT HEARD... SPEAKER MYERS...
MEMBERS OF THE OREGON SENATE AND HOUSE... MY FELLOW OREGONIANS.

THIS BIENNIUM HAS BROUGHT OREGON THE LONGEST REGULAR
SESSION ~~OF THE OREGON LEGISLATURE,~~ THE LONGEST SPECIAL SESSION,
AND THE SHORTEST SPECIAL SESSION. ^{OF THE OREGON LEGISLATURE} THIS MORNING, WE GRIMLY MAKE
HISTORY WITH YET ANOTHER SPECIAL SESSION, ~~OF THIS LEGISLATURE.~~

BUT THIS IS HISTORY WE ARE HERE TO PUT BEHIND US; JUST
AS WE WILL PUT THIS TRAGIC, NATIONAL RECESSION BEHIND US.

LET US REMIND OURSELVES WHY WE ARE HERE. THE LIST IS
FAMILIAR. MANY DECADES OF FISCAL IRRESPONSIBILITY BY FEDERAL
GOVERNMENT HAVE LED US TO:

- RECORD-BREAKING FEDERAL DEFICITS
- CRIPPLING HIGH INTEREST RATES

- A 180 DEGREE TURNAROUND IN FEDERAL POLICY SUPPORT FOR HOUSING

- CONFUSION AND UNCERTAINTY IN FINANCIAL INSTITUTIONS AND MARKETS, / AND

- SLASHES IN AID TO STATE AND LOCAL GOVERNMENT, THE RESULTS IN OREGON HAVE BEEN:

- DEVASTATION IN OUR TIMBER INDUSTRY

- TRAGIC, / ABSOLUTELY UNACCEPTABLE LEVELS OF UNEMPLOYMENT, AND

- REVENUE SHORTFALLS FOR THE STATE, / COUNTIES, / CITIES, SCHOOLS, / AND VIRTUALLY EVERY UNIT OF GOVERNMENT.

EACH OF YOU KNOWS WE HAVE TAKEN ACTION AT EVERY LEVEL OF STATE GOVERNMENT TO TURN OUR ECONOMY AROUND. / WE HAVE MAINTAINED OUR TRACK RECORD OF EXCELLENT MANAGEMENT AND INCREASED PRODUCTIVITY IN STATE GOVERNMENT / DESPITE THESE FINANCIAL CONSTRAINTS. *WE HAVE FAR EXCEEDED THE EFFORTS OF OTHER STATES IN OUR RESOLVE TO FACE THE HARD ISSUES.*

FINALLY -- WE ARE SEEING POSITIVE SIGNS AT THE NATIONAL LEVEL IN CONNECTION WITH INFLATION AND INTEREST RATES. FINALLY -- SOME CRACKS ARE SHOWING IN FEDERAL IGNORANCE AND INDIFFERENCE THAT HAVE, IN AN EFFORT TO 'COOL' THE NATIONAL ECONOMY, GIVEN OREGON PNEUMONIA. FINALLY -- THERE ARE GLIMMERS OF LIGHT AMID THE GLOOM.

BUT IN THE MEANTIME, A NUMBER OF ISSUES ARE CLEAR.

IT IS CLEAR THAT OREGON DID NOT LEAD THE NATION INTO RECESSION.

IT IS CLEAR THAT OREGON DID NOT CREATE HIGH INTEREST RATES.

IT IS CLEAR THAT OREGON DID NOT PRODUCE THE TRILLION DOLLAR FEDERAL DEBT.

WE, ALONG WITH ALMOST 2/3RDS OF THESE UNITED STATES, ARE THE VICTIMS -- NOT THE CRIMINALS.

THE STATE OF OREGON CANNOT, UNDER ITS CONSTITUTION, SPEND MORE THAN IT TAKES IN. AND THAT IS ~~WELL~~. MUST RESPONSIBLE BUT IT MEANS THAT EVERY OREGONIAN HAS SHARED IN THE EFFECTS OF THE NATIONAL ECONOMIC DOWNTURN.

OREGONIANS SHOULD KNOW -- AS EVERY ELECTED OFFICIAL IN THIS CHAMBER MUST KNOW -- THAT THERE ARE NO EASY ANSWERS LEFT TO THE HARD QUESTIONS.

THERE ARE THOSE WHO SAY STATE GOVERNMENT MUST TIGHTEN ITS BELT.

"TIGHTEN..... OUR..... BELT..... ?"

I CAN UNDERSTAND WHEN SOME PEOPLE TELL ME ABOUT THE NEED TO REDUCE STATE GOVERNMENT, BUT I BECOME TOTALLY FRUSTRATED AND EXASPERATED WHEN I AM LECTURED BY PEOPLE KNOWLEDGEABLE ENOUGH TO KNOW WHAT HAS HAPPENED IN STATE GOVERNMENT ^{DURING} ~~FOR~~ THE PAST THREE YEARS.

MY FRIENDS, THE "BELT" HAS NEVER BEEN TIGHTER IN THE HISTORY OF THIS STATE.

I STOOD BEFORE YOU IN THIS CHAMBER, AT THIS PODIUM, IN 1979. I SAID IN MY INAUGURAL ADDRESS TO YOU THAT "STREAMLIN(ING) THE OPERATIONS OF GOVERNMENT/WITHOUT REDUCING ITS REAL SERVICES TO PEOPLE. WILL BE OUR GOAL. THAT WILL BE THE ACID TEST OF OUR CREDIBILITY."

AND SO IT HAS BEEN.

IN THAT ADDRESS, / I BEGAN MY TERM WITH "A PROMISE AND A CHALLENGE...TO SET A HIGH STANDARD OF PERFORMANCE AS GOVERNOR IN ALL THAT I DO."

AND SO I HAVE.

IN 1979, / BEFORE THE RECESSION, / BEFORE THE NATIONAL DOWNTURN THAT PUT US ON THE DEFENSIVE IN OREGON, / I CUT \$478 MILLION FROM AGENCY REQUESTS BEFORE THOSE REQUESTS EVER REACHED THIS CHAMBER.

THE LEGISLATURE APPROVED MY RECOMMENDATION TO HOLD-THE-LINE ON STATE SPENDING, / AND / BECAUSE OF MY BUDGET CUTBACKS / WAS ABLE TO PROVIDE A MAJOR PROGRAM OF TAX RELIEF.

IN AUGUST, 1980, WE MET IN SPECIAL SESSION TO CUT \$122 MILLION MORE FROM ALREADY LEAN AGENCY BUDGETS IN A FURTHER EFFORT TO HOLD THE LINE.

IN OUR FIRST 1982 SPECIAL SESSION, / ANOTHER \$68 MILLION WAS CUT FROM ALREADY TIGHT AGENCY BUDGETS. / IN JUNE, WE CUT \$31 MILLION MORE.

IN ALL, / SPECIAL SESSIONS HAVE CUT OVER \$221 MILLION TO DATE FROM ALREADY REDUCED STATE AGENCY BUDGETS IN OREGON. / EACH OF YOU HAS TAKEN PAY CUTS. / STATE EMPLOYEES HAVE TAKEN PAY CUTS. / I HAVE CUT MY OWN SALARY THREE TIMES.

THESE CUTS HAVE COME ON THE HEELS OF SOME OF THE MOST
SIGNIFICANT MANAGEMENT AND PROGRAM REFORMS OREGON STATE
 GOVERNMENT HAS EVER SEEN. / IN WELFARE, / IN WORKERS' COMPENSATION, /
 IN ENERGY, / IN HUMAN RESOURCES, / IN GENERAL SERVICES, / IN THE
 EMPLOYMENT DIVISION // WE STARTED THOSE REFORMS BEFORE THE
 ECONOMY FORCED REFORM ON US. / I HATE TO THINK WHAT WE WOULD FACE
 IN BALANCING OUR BUDGET THIS YEAR WITHOUT THESE REFORMS. / EACH OF
 YOU DESERVES CREDIT FOR HELPING US ACHIEVE THEM.

AND SO HERE WE ^{ARE TODAY} ~~STAND~~:

o 3,785 FEWER EMPLOYEES ARE IN STATE GOVERNMENT NOW
 THAN 2 YEARS AGO.

o 30,460 FEWER WELFARE RECIPIENTS ARE ON THE ROLLS IN
 JULY 1982 THAN WERE THERE IN JULY 1980; // \$5 MILLION A MONTH IS
 BEING SAVED IN WELFARE ALONE.

NOW WE MEET ^{THIS MORNING} ~~TODAY~~ TO FACE A \$91 MILLION DOLLAR
PROBLEM. / YOU EACH KNOW THE ALTERNATIVES OTHER THAN THE ONE
 BEFORE YOU.

PUT
 LET ME REVIEW THEM FOR YOU:

-- SHOULD WE RAISE TAXES DURING THIS RECESSION?
 NO.

-- SHOULD WE AGAIN CUT OUR VITAL EFFORTS IN ECONOMIC DEVELOPMENT?

NO.

-- SHOULD WE AGAIN CUT OUR HIGHER EDUCATION?

NO.

-- SHOULD WE TAKE THE LAST \$200 OF PROPERTY TAX RELIEF LEFT TO OREGON TAXPAYERS?

NO.

-- SHOULD WE AGAIN CUT BASIC SCHOOL SUPPORT TO ELEMENTARY AND SECONDARY EDUCATION, / AFTER HARD-PRESSED SCHOOL DISTRICTS HAVE RELIED ON THE FIGURES WE GAVE THEM?

NO.

A FIVE PERCENT ^{BUDGET} CUT ALONE WOULD REDUCE OR ELIMINATE CRITICAL PROGRAMS FOR:

- ~~0~~ CHILDREN
- ~~0~~ THE ELDERLY
- ~~0~~ THE POOR
- ~~0~~ LAW ENFORCEMENT, AND
- ~~0~~ SECURE PRISONS.

A FIVE PERCENT ^{BUDGET} CUT ALONE WOULD LAY OFF MANY MORE STATE EMPLOYEES, SWELL THE UNEMPLOYMENT ROLLS, AND FURTHER REDUCE OUR DECLINING TAX BASE.

EVERY MEMBER OF THE LEGISLATURE KNOWS FULL WELL THAT WITHOUT PASSAGE OF THE PROPOSAL BEFORE YOU TODAY, WE WILL // OF NECESSITY // BE FORCED TO CONSIDER CUTS TWO AND ONE/HALF TIMES GREATER THAN A FIVE PERCENT CUT ALONE.

SUCH AN UNPRECEDENTED, IRRETRIEVABLE CUT IN BASIC GOVERNMENT WOULD REND THE FABRIC OF SOCIETY THAT GOVERNMENT EXISTS TO PROTECT.

LET US NOW TURN TO THE COMPROMISE PROPOSAL BEFORE YOU.

IT IS EASY TO CRITICIZE THIS PROPOSAL.

IT IS EASY TO CRITICIZE THE LEGISLATIVE LEADERSHIP AND THE GOVERNOR WHO DREW UP THIS PROPOSAL.

IT IS EASY TO CRITICIZE THE MAJORITY OF THE MEMBERSHIP OF THE HOUSE AND SENATE WHO COMMITTED THEMSELVES TO SUPPORT THIS PROPOSAL.

IT IS NOT SO EASY TO PUT FORTH ANY RESPONSIBLE ALTERNATIVE TO THIS PROPOSAL THAT IS ACCEPTABLE TO THE PEOPLE OF OREGON.

TO CRITICIZE THIS PROPOSAL WITHOUT ~~LAYING OUT~~ ^{OFFERING} ANY ALTERNATIVES SHOWS A ^{GROSS} LACK OF LEADERSHIP AND COURAGE.

THOSE OF YOU IN THIS CHAMBER, / ELECTED TO YOUR HIGH OFFICE BY THE PEOPLE OF THE STATE OF OREGON, / KNOW THAT HARD CHOICES BASED ON HARD FACTS ARE WHAT YOU HAVE BEEN ELECTED TO MAKE, / YOU KNOW THAT ATTACKING AND UNDERMINING THOSE CHOICES, / WITHOUT PROPOSING ANY ACCEPTABLE ALTERNATIVES, / IS WRONG.

YOU KNOW IT IS WRONG.

AT A CRITICAL TIME LIKE THIS, EVERY ONE OF US MUST PUT ASIDE POLITICS, PUT ASIDE PARTY LABELS, AND PUT ASIDE OUR DIFFERENCES IN THE BEST INTERESTS OF THE CITIZENS WE ARE HERE TODAY TO REPRESENT.

THERE IS ^{A TERRIBLE} ~~TREMENDOUS~~ MISUNDERSTANDING AMONG THE WORKING PEOPLE AND THE BUSINESS PEOPLE OF THIS STATE ABOUT THE IMPACT ON SAIF OF THIS BUDGET PROPOSAL. / SOME OF THIS MISUNDERSTANDING HAS BEEN GENERATED AND CIRCULATED BY THE VERY PEOPLE WHO KNOW THE REAL FACTS OF THE MATTER. / THAT IS WHY THE MISINFORMATION IS ALL THE MORE INEXCUSABLE.

THIS PROPOSAL WILL IN NO WAY DAMAGE OR IMPAIR THE INTERESTS OF OREGON BUSINESS. / THIS PROPOSAL WILL IN NO WAY DAMAGE OR IMPAIR THE INTERESTS OF OREGON WORKERS. / THIS PROPOSAL WILL IN NO WAY DAMAGE OR IMPAIR THE FISCAL INTEGRITY OF SAIF.

LET ME CLEAR THE RECORD, SPECIFICALLY, RIGHT NOW.

O NOT A SINGLE WORKER IN THIS STATE WILL LOSE BENEFITS AS A RESULT OF THIS PROPOSAL.

O THE SPECULATION AS TO LOST DIVIDENDS OR HIGHER PREMIUMS IS JUST THAT: SPECULATION.

O THE \$81 MILLION ASSESSMENT OF SAIF'S SURPLUS IN LIEU OF TAXES IS NOT \$81 MILLION IN EMPLOYER PREMIUMS. / IT IS INVESTMENT EARNINGS ~~//~~ PROFITS BUILT UP OVER DECADES ~~//~~ IN LARGE PART A RESULT OF INVESTMENTS BY STATE GOVERNMENT ITSELF.

O BECAUSE SAIF IS A PUBLIC CORPORATION, / SAIF HAS NOT BEEN REQUIRED TO PAY STATE AND FEDERAL TAXES. / HAD WE REQUIRED SAIF TO PAY, / OVER \$85 MILLION IN TAXES WOULD BE OWED TO STATE AND FEDERAL GOVERNMENT BETWEEN 1977 AND 1981.

O THE OREGON LEGISLATURE HAS GIVEN SAIF THE PRIVILEGE AND THE FREEDOM TO OPERATE IN THE PRIVATE SECTOR, / YET RETAIN ITS STATUS AS A STATE ENTITY. // AS A RESULT, SAIF HAS ENJOYED ALL THE ADVANTAGES OF STATE GOVERNMENT AND ALL THE ADVANTAGES OF PRIVATE CORPORATIONS. // IT IS NOW SAIF'S TURN TO SHOULDER ITS SHARE OF THE BURDEN WE ALL HAVE SHOULDERED IN THE PAST: / MAINTAINING THE FISCAL INTEGRITY OF THIS STATE.

O THE CHAIRMAN, / THE PRESIDENT, / AND TWO OFFICERS OF SAIF MET WITH ME, / WITH THE ATTORNEY GENERAL OF OREGON, / AND WITH THE INSURANCE COMMISSIONER LAST THURSDAY. / THE ARGUMENTS FACING THE LEGISLATURE THIS WEEK WERE EXAMINED IN DETAIL; / MANY OF THE SAME QUESTIONS WERE RAISED; / THE LEADERSHIP OF EACH CHAMBER WAS CONSULTED, / AND SO, / AS BEST WE COULD, / WERE EACH OF YOU.

THAT IS THE RECORD.

TO THAT RECORD, I ^{now} ADD A PROMISE.

THE ONE-TIME ASSESSMENT OF SAIF IS JUST THAT:
ONE TIME. / EVERY OREGONIAN KNOWS THAT THIS GOVERNOR IS A KEEPER
 OF PROMISES.

IF ANY FUTURE EFFORT IS MADE TO IMPOSE A SIMILAR
 OBLIGATION ON SAIF, / I WILL FIGHT TO SEE IT GO DOWN TO DEFEAT. / IF
 LEGISLATION IS PASSED SEEKING TO USE SAIF MONIES FOR THIS PURPOSE
 IN THE FUTURE, / I WILL VETO SUCH LEGISLATION. / BECAUSE / WITH THIS
 PROPOSAL, / SAIF WILL HAVE MET ITS OBLIGATION TO OREGON.

FOR WORKERS AND BUSINESSES WHO STILL THINK OUR PROPOSAL
 TAKES MONEY FROM THEIR POCKETS, / LET ME MAKE ^{TELL THEM THEY MAY NOT BE HAVE FORGOTTEN} SOME THINGS CLEAR:

o OREGON BUSINESS IS PAYING \$80 MILLION LESS PER YEAR
RIGHT NOW FOR WORKERS' COMPENSATION BECAUSE OF ACTIONS I HAVE
 TAKEN AS GOVERNOR.

o FOR UNEMPLOYED WORKERS, / THE WEEKLY BENEFIT AMOUNT
 HAS RISEN, / AND THREE SUPPLEMENTAL BENEFIT PROGRAMS HAVE BEEN
 ENACTED AT MY REQUEST / OR WITH MY STRONG SUPPORT. / ALL THIS HAS
 OCCURRED WITHOUT INCREASING THE COST OF THE PROGRAM FOR OREGON
 BUSINESS.

O REGULATIONS HAVE BEEN ELIMINATED, / PAPERWORK REDUCED, / CLAIMS AND ADMINISTRATION SPEEDED UP, / AND ASSISTANCE PROGRAMS PUT INTO ACTION SAVING TIME AND MONEY FOR OREGON WORKERS AND OREGON BUSINESS.

WITHOUT THIS PROPOSAL, / MANY BASIC STATE PROGRAMS OF CONCERN TO BOTH BUSINESS AND WORKERS COULD BE PLACED IN JEOPARDY BY BUDGET-CUTTING REQUIREMENTS.

GIVEN THE TRUTH ABOUT THIS PROPOSAL, / EVERY CITIZEN OF THIS STATE SHOULD GIVE IT WHOLEHEARTED SUPPORT AS THE ONLY ACCEPTABLE CHOICE IN A RANGE OF DIFFICULT AND UNACCEPTABLE OPTIONS.

PRESIDENT HEARD, / SPEAKER MYERS, / SENATOR MEEKER, / REPRESENTATIVE HANNEMAN: / FOR TWO DAYS LAST WEEK YOU MET WITH ME FOR MANY LONG HOURS, / GAVE YOUR BEST COUNSEL, / CONSULTED YOUR MEMBERSHIP, / AND WORKED CLOSELY WITH ME TO MAKE THE RIGHT DECISION FOR THE PEOPLE OF OREGON. / I AM DEEPLY GRATEFUL FOR YOUR BIPARTISAN COOPERATION.

ONLY WHEN CONSENSUS WAS REACHED, / DID I CALL THIS SPECIAL SESSION. / ONCE AGAIN, WE ARE READY TO MAKE HARD AND DIFFICULT DECISIONS, / NOT WITH ENTHUSIASM, / BUT WITH A FIRM / OREGON / SPIRIT OF FAIRNESS, / BALANCE, / AND DETERMINATION.

THE SPIRIT AND WILLINGNESS OF MEMBERS TO PUT ASIDE DIFFERENCES AND WORK TOGETHER TO MOVE US FORWARD OUT OF THIS SHORTFALL IS AN EXAMPLE FOR LEGISLATURES EVERYWHERE FACING SIMILAR PROBLEMS NATIONWIDE.

MY FRIENDS, / THE PACKAGE BEFORE YOU IS NOT COMPLICATED, / IT DOES NOT PRETEND // NOR DOES IT SEEK -- / TO ANSWER EVERY CRITICISM, / EVERY BARB, / AND EVERY ALLEGATION.

WHAT THIS PACKAGE DOES DO IS BALANCE OUR BUDGET,

AND IT DOES SO ^{AWAY} BETTER THAN ANY OF THE PAINFUL, / ABSOLUTELY UNACCEPTABLE ALTERNATIVES.

I CALLED YOU INTO SESSION TODAY BECAUSE OF THE ASSURANCE THAT A MAJORITY OF YOU SHARE THAT BELIEF. / YOU AS WELL AS I WANT TO SEE THIS SPECIAL SESSION MEET, / REVIEW THE PACKAGE, / APPROVE IT, AND GO HOME.

I HOPE WE CAN SHOW THE PEOPLE OF OREGON TODAY THAT, / FOR THE THIRD TIME THIS YEAR, / OUR STATE WAS EYEBALL TO EYEBALL WITH THE RECESSION.

AND FOR THE THIRD TIME THIS YEAR, / OREGON DID NOT BLINK.

THANK YOU VERY MUCH.

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