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## Lawmakers' plan hikes public school funds

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SALEM - The Legislature's budget chiefs put out a \$14.9 billion spending blueprint Thursday that calls for more public school spending and less money for colleges and universities than Gov. Ted Kulongoski wants.

The leaders of the Joint Ways & Means Committee, Sen. Kurt Schrader, D-Canby, and Rep. Mary Nolan, D-Portland, presented their spending priorities for 2007-09 to a gathering of lawmakers and others in the House chamber.

Both acknowledged that their spending priorities largely comport with the budget recommendations that fellow Democrat Kulongoski rolled out in December. The two blueprints call for the same level of discretionary spending from the income tax-fed general fund and the lottery. And most of the priorities for education, human services and public safety are similar.

But the two budget chiefs also made clear that they were taking a more fiscally cautious approach. Nolan characterized the Legislature's version as a "sustainable budget." And Schrader said he had pushed for far less borrowing for college and university capital projects - \$56 million instead of \$401 million - because of his political philosophy. He said the state couldn't afford to incur so much debt through new construction, but should borrow enough to take care of campuses' deferred maintenance needs.

"I'm a fiscal conservative," the Canby Democrat said. "I'd fix the buildings we have before building new ones."

The two lawmakers' budget struck a more conservative chord in another way: It did not count on most of the tax increases that Kulongoski banked on for his spending plan. He called for raising the cigarette tax to pay for children's health care and the minimum tax paid by corporations to expand Head Start, and adding a new surcharge on auto insurance for increased state police staffing.

Under the lawmakers' plan, the expansion of health coverage to all uninsured low- and middle-income children would not be funded unless the Legislature approves the cigarette tax increase. But the two other spending initiatives would still take place - although at more modest levels - even without the governor's tax increases.

Schrader and Nolan agreed to bolster the K-12 education budget, which Kulongoski recommended at \$6.06 billion, to \$6.245 billion.

That was good news for education advocates such as Jonah Edelman, head of the advocacy group Stand for Children.

"We were thrilled," he said. "Rep. Nolan and Sen. Schrader clearly made education a top priority."

The lawmakers' plan keeps alive the governor's "shared responsibility" plan to provide enough student aid to students who work during summer and take out loans so that they

can get a college degree.

But it puts less operating money into universities and community colleges.

The Oregon University System would get \$843 million for operations instead of the \$859 million recommended by Kulongoski. Community colleges would get \$458 million instead of the \$483 million called for by the governor.

Lane Community College issued a statement calling the impact "devastating" for its budget. Its deficit, expected to reach \$4.7 million under Kulongoski's proposal, would widen to \$6.2 million, according to LCC. The college said its responses could include raising tuition, laying off staff, and cutting career and technical programs.

The lawmakers' recommended drop in capital construction for campuses from Kulongoski's proposal could put some projects that colleges and universities had been hoping for on hold. Locally, that includes a Health and Wellness Building at Lane Community College, for which Kulongoski had recommended \$15 million, as well as a building in the University of Oregon's Integrative Sciences Complex, for which the governor had planned to provide \$30 million in bonds.

Sen. Vicki Walker, D-Eugene, said the drop in capital construction dollars upset higher education officials. "They're not happy about it, but this is a starting point," she said.

House Republican Leader Wayne Scott, who ran the budget process for the House last session, offered a mixed review. He said the budget was an improvement over Kulongoski's in that it "does not include the runaway, debt-financed capital construction spending that was initially proposed in the governor's budget." The Canby Republican also said he preferred the committee leaders' lessened reliance on future tax increases.

Still, Scott said he was troubled by the continued pursuit of a cigarette tax increase to pay for expanded health insurance for children, \$60 million in new document fees on real estate recordings and an as-yet-unpassed continuation of health care provider taxes.

Kulongoski gave no indication that he was displeased with the latest budget blueprint. In a prepared statement, he called it the Legislature's "first step in a multiphase process" and noted that "the priorities set forth in the co-chairs' budget align well with major portions of the budget I released."

\$6.245 billion

Key lawmakers' proposed spending for public schools

\$1.301 billion

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